



## **UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS**

**JUNE 2017**

EXEMPLAR GROWTH AND INCOME FUND | EXEMPLAR INVESTMENT GRADE FUND |  
EXEMPLAR LEADERS FUND | EXEMPLAR PERFORMANCE FUND | EXEMPLAR TACTICAL  
CORPORATE BOND FUND



# EXEMPLAR GROWTH AND INCOME FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <b>ASSETS</b>   |                           |                               |
| <b>Current assets</b>   |                           |                               |
| Financial assets designated at fair value through profit and loss | \$16,834,663              | \$11,531,290                  |
| Financial assets held for trading                                 |                           |                               |
| Warrants at fair value  | 109,294                   | 44,381                        |
| Unrealized gain on forward currency contracts                     | 196,688                   | 32,083                        |
| Cash  | 1,817,901                 | 1,029,568                     |
| Margin deposit  | 46,459                    | 419,457                       |
| Accrued dividends receivable                                      | 22,157                    | 9,331                         |
| Accrued interest receivable                                       | 1,201                     | -                             |
| Receivable for securities sold                                    | 1,417,412                 | 690,230                       |
| Receivable for units issued                                       | 23,461                    | 49,760                        |
|   | <u>20,469,236</u>         | <u>13,806,100</u>             |
| <b>LIABILITIES</b>  |                           |                               |
| <b>Current liabilities</b>  |                           |                               |
| Financial liabilities held for trading                            |                           |                               |
| Investments sold short  | -                         | 63,855                        |
| Unrealized loss on forward currency contracts                     | 59,341                    | -                             |
| Payable for securities purchased                                  | 989,510                   | 674,127                       |
| Accrued dividends payable   | -                         | 227                           |
| Payable for units redeemed  | 66,305                    | 18,360                        |
| Other liabilities (Note 11)                                       | 26,951                    | 21,043                        |
|   | <u>1,142,107</u>          | <u>777,612</u>                |
| <b>Net assets attributable to holders of redeemable units</b>     | <u>\$19,327,129</u>       | <u>\$13,028,488</u>           |

Continued on next page.

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

# EXEMPLAR GROWTH AND INCOME FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <i>Continued from previous page.</i>                            |                           |                               |
| Net assets attributable to holders of redeemable units          |                           |                               |
| Series A  | \$7,467,224               | \$3,849,743                   |
| Series AN   | \$1,409,659               | \$1,757,300                   |
| Series F  | \$1,745,864               | \$918,546                     |
| Series FN   | \$7,166,067               | \$5,196,260                   |
| Series I  | \$953,866                 | \$927,236                     |
| Series L  | \$368,236                 | \$265,948                     |
| Series LN   | \$216,213                 | \$113,455                     |
| Number of redeemable units outstanding (Note 8)                 |                           |                               |
| Series A  | 720,074                   | 369,276                       |
| Series AN   | 133,590                   | 168,085                       |
| Series F  | 169,705                   | 88,998                        |
| Series FN   | 667,199                   | 489,600                       |
| Series I  | 93,136                    | 90,330                        |
| Series L  | 36,238                    | 26,060                        |
| Series LN   | 20,455                    | 10,852                        |
| Net assets attributable to holders of redeemable units per unit |                           |                               |
| Series A  | \$10.37                   | \$10.43                       |
| Series AN   | \$10.55                   | \$10.45                       |
| Series F  | \$10.29                   | \$10.32                       |
| Series FN   | \$10.74                   | \$10.61                       |
| Series I  | \$10.24                   | \$10.26                       |
| Series L  | \$10.16                   | \$10.21                       |
| Series LN   | \$10.57                   | \$10.45                       |

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

“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 GROWTH AND INCOME FUND

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

|   | 2017<br>\$     | 2016<br>\$     |
|---|----------------|----------------|
| <b>INCOME</b>   |                |                |
| Net gains (losses) on investments and derivatives   |                |                |
| Interest for distribution purposes  | 5,855          | 1,750          |
| Dividend income   | 184,477        | 57,842         |
| Dividend expense on short sales   | 235            | (5,743)        |
| Securities lending income (net) (Note 10)   | 13,881         | -              |
| Net realized gain (loss) on investments and derivatives   | 840,966        | 425,179        |
| Net change in unrealized appreciation (depreciation) in value of investments and derivatives            | (449,786)      | 120,121        |
| Net gains (losses) on investments and derivatives   | 595,628        | 599,149        |
| Other income items:   |                |                |
| Interest on cash  | (2,833)        | 2,685          |
| Foreign exchange gain (loss)  | (43,493)       | (20,485)       |
| Net change in unrealized foreign exchange gain (loss)   | (613)          | 763            |
| <b>Total income (net)</b>   | <b>548,689</b> | <b>582,112</b> |
| <b>EXPENSES</b>   |                |                |
| Securityholder reporting fees   | 64,333         | 47,778         |
| Management fees (Note 11)   | 121,487        | 71,811         |
| Interest expense  | 178            | 1,967          |
| Audit fees  | 10,416         | 10,232         |
| Legal fees  | 893            | 4,226          |
| Independent Review Committee fees   | 2,715          | 2,300          |
| Custodial fees  | 19,319         | 20,441         |
| Security borrowing expenses   | 127            | -              |
| Commissions and other portfolio transaction costs (Note 11)   | 57,102         | 41,188         |
| Withholding tax expense   | 4,369          | -              |
| Harmonized sales tax  | 12,634         | 8,142          |
| Total expenses before manager absorption  | 293,573        | 208,085        |
| Less: expenses absorbed by manager (Note 11)  | (62,690)       | (64,810)       |
| <b>Total expenses after manager absorption</b>  | <b>230,883</b> | <b>143,275</b> |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b>                    | <b>317,806</b> | <b>438,837</b> |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>          |                |                |
| Series A  | 77,790         | 132,981        |
| Series AN   | 38,578         | 33,261         |
| Series F  | 28,153         | 66,235         |
| Series FN   | 134,956        | 156,951        |
| Series I  | 30,790         | 39,038         |
| Series L  | 5,340          | 6,802          |
| Series LN   | 2,199          | 3,569          |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b> |                |                |
| Series A  | 0.12           | 0.36           |
| Series AN   | 0.26           | 0.50           |
| Series F  | 0.18           | 0.47           |
| Series FN   | 0.23           | 0.45           |
| Series I  | 0.34           | 0.46           |
| Series L  | 0.17           | 0.44           |
| Series LN   | 0.12           | 0.43           |

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

# EXEMPLAR GROWTH AND INCOME FUND

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

|  |           | 2017<br>\$ | 2016<br>\$ |
|--|-----------|------------|------------|
| <b>Net assets attributable to holders of redeemable units at beginning of period</b> |           |            |            |
|  | Series A  | 3,849,743  | 3,822,151  |
|  | Series AN | 1,757,300  | 388,601    |
|  | Series F  | 918,546    | 1,179,853  |
|  | Series FN | 5,196,260  | 3,225,373  |
|  | Series I  | 927,236    | 835,903    |
|  | Series L  | 265,948    | 84,886     |
|  | Series LN | 113,455    | 51,178     |
|  |           | 13,028,488 | 9,587,945  |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b> |           |            |            |
|  | Series A  | 77,790     | 132,981    |
|  | Series AN | 38,578     | 33,261     |
|  | Series F  | 28,153     | 66,235     |
|  | Series FN | 134,956    | 156,951    |
|  | Series I  | 30,790     | 39,038     |
|  | Series L  | 5,340      | 6,802      |
|  | Series LN | 2,199      | 3,569      |
|  |           | 317,806    | 438,837    |
| <b>Distributions to holders of redeemable units</b>                                  |           |            |            |
| From net investment income   | Series A  | (118,731)  | (55,498)   |
|  | Series AN | -          | -          |
|  | Series F  | (28,886)   | (22,241)   |
|  | Series FN | -          | -          |
|  | Series I  | (14,200)   | (12,673)   |
|  | Series L  | (4,949)    | (2,596)    |
|  | Series LN | -          | -          |
|  |           | (166,766)  | (93,008)   |
| Return of capital  | Series A  | (47,347)   | -          |
|  | Series AN | (22,035)   | -          |
|  | Series F  | (15,465)   | -          |
|  | Series FN | (99,764)   | -          |
|  | Series I  | (18,928)   | -          |
|  | Series L  | (3,082)    | -          |
|  | Series LN | (2,229)    | -          |
|  |           | (208,850)  | -          |
| From net realized gains on investments and derivatives                               | Series A  | -          | -          |
|  | Series AN | -          | -          |
|  | Series F  | -          | -          |
|  | Series FN | -          | -          |
|  | Series I  | -          | -          |
|  | Series L  | -          | -          |
|  | Series LN | -          | -          |
|  |           | -          | -          |
| <b>Total distributions to holders of redeemable units</b>                            |           | (375,616)  | (93,008)   |

Continued on next page.

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

# EXEMPLAR GROWTH AND INCOME FUND

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

|  |           | 2017<br>\$        | 2016<br>\$        |
|--|-----------|-------------------|-------------------|
| <i>Continued from previous page.</i>   |           |                   |                   |
| <b>Redeemable unit transactions</b>  |           |                   |                   |
| Proceeds from redeemable units issued  | Series A  | 5,884,250         | 145,404           |
|  | Series AN | 425,394           | 448,876           |
|  | Series F  | 1,337,781         | 455,973           |
|  | Series FN | 2,207,033         | 1,136,418         |
|  | Series I  | -                 | -                 |
|  | Series L  | 99,704            | 147,908           |
|  | Series LN | 100,763           | 53,500            |
| Reinvestments of distributions to holders of redeemable units                            | Series A  | 148,130           | 47,319            |
|  | Series AN | 21,858            | -                 |
|  | Series F  | 38,989            | 21,484            |
|  | Series FN | 99,334            | -                 |
|  | Series I  | 33,128            | 12,673            |
|  | Series L  | 5,275             | 1,667             |
|  | Series LN | 2,025             | -                 |
| Redemption of redeemable units   | Series A  | (2,326,611)       | (368,503)         |
|  | Series AN | (811,436)         | (38,845)          |
|  | Series F  | (533,254)         | (219,360)         |
|  | Series FN | (371,752)         | (172,392)         |
|  | Series I  | (4,160)           | (3,748)           |
|  | Series L  | -                 | -                 |
|  | Series LN | -                 | (10,328)          |
| <b>Net increase (decrease) from redeemable unit transactions</b>                         |           | <b>6,356,451</b>  | <b>1,658,046</b>  |
| <b>Net increase (decrease) in net assets attributable to holders of redeemable units</b> |           | <b>6,298,641</b>  | <b>2,003,875</b>  |
|  | Series A  | 7,467,224         | 3,723,854         |
|  | Series AN | 1,409,659         | 831,893           |
|  | Series F  | 1,745,864         | 1,481,944         |
|  | Series FN | 7,166,067         | 4,346,350         |
|  | Series I  | 953,866           | 871,193           |
|  | Series L  | 368,236           | 238,667           |
|  | Series LN | 216,213           | 97,919            |
| <b>Net assets attributable to holders of redeemable units at end of period</b>           |           | <b>19,327,129</b> | <b>11,591,820</b> |

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

# EXEMPLAR GROWTH AND INCOME

## Statements of Cash Flows (Unaudited)

For the periods ended June 30,

|  | 2017<br>\$         | 2016<br>\$       |
|--|--------------------|------------------|
|  |                    | Note 3           |
| <b>Cash flows from (used in) operating activities</b>  |                    |                  |
| Increase (decrease) in net assets attributable to holders of redeemable units                | 317,806            | 438,837          |
| Adjustment for:  |                    |                  |
| Net change in unrealized foreign exchange (gain) loss on cash                                | 2,213              | (680)            |
| Net realized (gain) loss on investments and derivatives                                      | (840,966)          | (425,179)        |
| Net change in unrealized (appreciation) depreciation in value of investments and derivatives | 449,786            | (120,121)        |
| Purchase of investments  | (75,116,178)       | (49,879,699)     |
| Proceeds on sale of investments  | 69,558,154         | 50,500,496       |
| Decrease (increase) in accrued dividends receivable  | (12,826)           | 1,969            |
| Decrease (increase) in accrued interest receivable   | (1,201)            | (403)            |
| Decrease (increase) in cash collateral received for securities on loan                       | -                  | -                |
| Increase (decrease) in accrued dividends payable   | (227)              | 673              |
| Increase (decrease) in other liabilities   | 5,908              | 3,142            |
| Decrease (increase) in margin deposit  | 372,998            | (991,177)        |
| <b>Net cash from (used in) operating activities</b>  | <b>(5,264,533)</b> | <b>(472,142)</b> |
| <b>Cash flows from (used in) financing activities</b>  |                    |                  |
| Proceeds from redeemable units issued  | 9,246,385          | 2,268,849        |
| Redemption of redeemable units   | (3,164,429)        | (716,103)        |
| Distributions paid to holders of redeemable units, net of reinvested distributions           | (26,877)           | (9,865)          |
| <b>Net cash from (used in) financing activities</b>  | <b>6,055,079</b>   | <b>1,542,881</b> |
| <b>Net Increase (decrease) in cash</b>   | <b>790,546</b>     | <b>1,070,739</b> |
| <b>Cash at beginning of the period</b>   | <b>1,029,568</b>   | <b>1,042,162</b> |
| Net change in unrealized foreign exchange gain (loss) on cash                                | (2,213)            | 680              |
| <b>Cash at end of the period</b>   | <b>1,817,901</b>   | <b>2,113,581</b> |
| <b>Supplemental information:</b>   |                    |                  |
| Interest received*   | 1,821              | 4,032            |
| Dividends received, net of withholding tax*  | 167,282            | 59,811           |
| Interest paid*   | 178                | -                |

\*Included as part of cash flows from operating activities

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



# EXEMPLAR GROWTH AND INCOME FUND

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

| Equity Positions - Long                       |          | 61.3%       |          |                  |                  |
|---|----------|-------------|----------|------------------|------------------|
| Security Name                                 | Currency |             | Quantity | Average Cost     | Fair Value       |
|   |          |             |          | \$               | \$               |
| <b>Consumer Discretionary</b>                 |          | <b>6.0%</b> |          |                  |                  |
| Amaya Inc.                                    | CAD      |             | 5,500    | 136,224          | 127,490          |
| Diversified Royalty Corp.                     | CAD      |             | 73,900   | 187,821          | 191,401          |
| Dollarama Inc.                                | CAD      |             | 700      | 85,961           | 86,737           |
| Enercare Inc.                                 | CAD      |             | 2,500    | 48,826           | 49,300           |
| Hudson's Bay Company*                         | CAD      |             | 21,300   | 225,967          | 246,441          |
| NIKE, Inc.                                    | USD      |             | 800      | 56,075           | 61,209           |
| Park Lawn Corporation                         | CAD      |             | 5,400    | 102,600          | 101,628          |
| Shaw Communications Inc., Class B Convertible | CAD      |             | 7,500    | 218,889          | 212,175          |
| Sleep Country Canada Holdings Inc.            | CAD      |             | 2,100    | 82,050           | 86,415           |
|   |          |             |          | <u>1,144,413</u> | <u>1,162,796</u> |
| <b>Consumer Staples</b>                       |          | <b>6.4%</b> |          |                  |                  |
| Alimentation Couche-Tard Inc.                 | CAD      |             | 2,500    | 158,079          | 155,400          |
| Altria Group, Inc.                            | USD      |             | 1,000    | 92,280           | 96,573           |
| Brown-Forman Corporation*                     | USD      |             | 500      | 35,335           | 31,512           |
| Colgate-Palmolive Company                     | USD      |             | 1,100    | 111,832          | 105,745          |
| Corby Spirit and Wine Limited, Class A*       | CAD      |             | 6,500    | 138,450          | 137,865          |
| Cott Corporation                              | CAD      |             | 3,000    | 55,120           | 56,190           |
| GreenSpace Brands Inc.*                       | CAD      |             | 75,000   | 100,439          | 114,000          |
| Hostess Brands, Inc.*                         | USD      |             | 3,000    | 61,182           | 62,635           |
| Loblaw Companies Limited                      | CAD      |             | 2,300    | 166,727          | 165,922          |
| Mondelez International, Inc.                  | USD      |             | 2,000    | 117,503          | 112,018          |
| Neptune Technologies & Bioresources Inc.*     | CAD      |             | 15,000   | 25,779           | 16,500           |
| Philip Morris International Inc.              | USD      |             | 800      | 128,601          | 121,847          |
| Wal-Mart Stores, Inc.                         | USD      |             | 600      | 62,146           | 58,885           |
|   |          |             |          | <u>1,253,473</u> | <u>1,235,092</u> |
| <b>Energy</b>                                 |          | <b>9.6%</b> |          |                  |                  |
| Cameco Corporation                            | CAD      |             | 1,500    | 18,792           | 17,715           |
| Cardinal Energy Ltd., Subscription Receipts   | CAD      |             | 15,000   | 82,500           | 72,450           |
| Cardinal Energy Ltd.*                         | CAD      |             | 3,000    | 13,098           | 14,460           |
| CES Energy Solutions Corp.                    | CAD      |             | 15,000   | 115,412          | 86,700           |
| Cimarex Energy Co.                            | USD      |             | 1,000    | 128,967          | 121,912          |
| Encana Corporation                            | CAD      |             | 6,500    | 72,819           | 74,165           |
| Enerplus Corporation                          | CAD      |             | 4,000    | 43,676           | 42,080           |
| Parex Resources Inc.                          | CAD      |             | 10,500   | 170,587          | 154,875          |
| Parkland Fuel Corporation                     | CAD      |             | 3,000    | 89,108           | 89,130           |
| PrairieSky Royalty Ltd.                       | CAD      |             | 4,600    | 141,357          | 135,838          |
| Range Resources Corporation*                  | USD      |             | 4,000    | 124,941          | 120,187          |
| Source Energy Services Ltd.                   | CAD      |             | 15,000   | 141,144          | 120,150          |
| Southwestern Energy Company*                  | USD      |             | 10,000   | 87,938           | 78,845           |
| Spartan Energy Corp.                          | CAD      |             | 50,000   | 372,617          | 307,500          |
| Tidewater Midstream and Infrastructure Ltd.   | CAD      |             | 25,000   | 34,650           | 32,750           |
| Tourmaline Oil Corp.                          | CAD      |             | 2,000    | 53,559           | 55,760           |
| TransCanada Corporation*                      | CAD      |             | 3,500    | 219,592          | 216,370          |
| Trican Well Service Ltd.                      | CAD      |             | 35,000   | 148,110          | 127,050          |
|   |          |             |          | <u>2,058,867</u> | <u>1,867,937</u> |

# EXEMPLAR GROWTH AND INCOME FUND

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

| Equity Positions - Long                     |          | 61.3%       |          |              |            |
|---|----------|-------------|----------|--------------|------------|
| Security Name                               | Currency |             | Quantity | Average Cost | Fair Value |
|   |          |             |          | \$           | \$         |
| <b>Financials</b>                           |          | <b>8.4%</b> |          |              |            |
| Brookfield Asset Management Inc., Class A   | CAD      |             | 4,000    | 195,311      | 203,560    |
| Citigroup Inc.                              | USD      |             | 2,500    | 218,966      | 216,825    |
| Citizens Financial Group, Inc.              | USD      |             | 1,400    | 66,172       | 64,778     |
| ECN Capital Corp.                           | CAD      |             | 20,000   | 76,539       | 80,000     |
| The Hartford Financial Services Group, Inc. | USD      |             | 1,100    | 73,170       | 74,990     |
| Invesco Ltd.                                | USD      |             | 3,800    | 161,262      | 173,411    |
| Legg Mason, Inc.*                           | USD      |             | 600      | 29,481       | 29,692     |
| Manulife Financial Corporation              | CAD      |             | 11,500   | 281,586      | 279,565    |
| Sun Life Financial Inc.                     | CAD      |             | 7,500    | 351,765      | 347,700    |
| Thomson Reuters Corporation                 | CAD      |             | 1,500    | 92,303       | 90,060     |
| The Westaim Corporation                     | CAD      |             | 17,500   | 56,299       | 55,475     |
|   |          |             |          | 1,602,854    | 1,616,056  |
| <b>Health Care</b>                          |          | <b>1.7%</b> |          |              |            |
| AmerisourceBergen Corporation               | USD      |             | 1,000    | 122,305      | 122,587    |
| Anthem, Inc.                                | USD      |             | 400      | 98,284       | 97,587     |
| Editas Medicine, Inc.                       | USD      |             | 1,700    | 52,132       | 36,993     |
| Sarepta Therapeutics, Inc.                  | USD      |             | 1,500    | 68,935       | 65,573     |
|   |          |             |          | 341,656      | 322,740    |
| <b>Industrials</b>                          |          | <b>7.9%</b> |          |              |            |
| Ag Growth International Inc.                | CAD      |             | 2,000    | 110,200      | 115,440    |
| ATS Automation Tooling Systems Inc.*        | CAD      |             | 10,000   | 129,243      | 132,900    |
| Brookfield Business Partners L.P.           | CAD      |             | 2,500    | 91,109       | 87,675     |
| CAE Inc.                                    | CAD      |             | 6,000    | 125,881      | 134,160    |
| Canadian National Railway Company           | CAD      |             | 1,000    | 98,338       | 105,220    |
| Finning International Inc.                  | CAD      |             | 6,000    | 155,562      | 152,520    |
| Horizon North Logistics Inc.*               | CAD      |             | 30,000   | 46,680       | 39,900     |
| Lockheed Martin Corporation                 | USD      |             | 300      | 107,288      | 108,001    |
| MacDonald, Dettwiler and Associates Ltd.    | CAD      |             | 1,000    | 68,745       | 67,480     |
| Morneau Shepell Inc.                        | CAD      |             | 4,500    | 92,041       | 93,780     |
| New Flyer Industries Inc.                   | CAD      |             | 1,000    | 50,796       | 54,240     |
| Northrop Grumman Corporation                | USD      |             | 300      | 96,625       | 99,870     |
| Raytheon Company                            | USD      |             | 700      | 142,979      | 146,585    |
| Textron Inc.                                | USD      |             | 700      | 45,220       | 42,756     |
| Waste Management, Inc.                      | USD      |             | 900      | 87,161       | 85,608     |
| WesternOne Inc.                             | CAD      |             | 46,200   | 63,380       | 69,300     |
|   |          |             |          | 1,511,248    | 1,535,435  |
| <b>Information Technology</b>               |          | <b>3.2%</b> |          |              |            |
| Advanced Micro Devices, Inc.*               | USD      |             | 6,500    | 109,567      | 105,196    |
| Alibaba Group Holding Limited               | USD      |             | 400      | 75,681       | 73,088     |
| BlackBerry Limited                          | CAD      |             | 7,500    | 90,268       | 97,200     |
| CGI Group Inc., Class A Subordinated Voting | CAD      |             | 1,500    | 100,214      | 99,390     |
| The Descartes Systems Group Inc.            | CAD      |             | 1,000    | 34,202       | 31,550     |
| First Solar, Inc.                           | USD      |             | 1,700    | 89,094       | 87,918     |
| Kinaxis Inc.                                | CAD      |             | 900      | 76,135       | 72,666     |
| Shopify Inc., Class A Subordinated Voting   | CAD      |             | 500      | 61,535       | 56,300     |
|   |          |             |          | 636,696      | 623,308    |

# EXEMPLAR GROWTH AND INCOME FUND

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

| Equity Positions - Long                             |          | 61.3%       |          |                   |                   |
|---|----------|-------------|----------|-------------------|-------------------|
| Security Name                                       | Currency |             | Quantity | Average Cost      | Fair Value        |
|   |          |             |          | \$                | \$                |
| <b>Materials</b>                                    |          | <b>6.9%</b> |          |                   |                   |
| Agnico Eagle Mines Limited                          | CAD      |             | 1,600    | 97,676            | 93,568            |
| Albemarle Corporation                               | USD      |             | 1,400    | 193,400           | 191,610           |
| Canfor Corporation                                  | CAD      |             | 2,000    | 37,795            | 39,180            |
| Cascades Inc.                                       | CAD      |             | 5,000    | 75,413            | 88,450            |
| CCL Industries Inc., Class B                        | CAD      |             | 2,500    | 152,827           | 164,025           |
| Franco-Nevada Corporation                           | CAD      |             | 1,500    | 135,866           | 140,355           |
| Lithium Americas Corp.*                             | CAD      |             | 277,100  | 242,238           | 241,077           |
| Louisiana-Pacific Corporation                       | USD      |             | 2,600    | 80,462            | 81,291            |
| Polaris Materials Corporation*                      | CAD      |             | 24,500   | 30,660            | 24,255            |
| Sociedad Quimica y Minera de Chile S.A., ADR        | USD      |             | 3,600    | 157,688           | 154,153           |
| Teck Resources Limited, Class B Subordinated Voting | CAD      |             | 2,000    | 44,730            | 44,960            |
| Torex Gold Resources Inc.                           | CAD      |             | 3,000    | 74,067            | 74,190            |
|   |          |             |          | <u>1,322,822</u>  | <u>1,337,114</u>  |
| <b>Real Estate</b>                                  |          | <b>5.6%</b> |          |                   |                   |
| American Hotel Income Properties REIT LP*           | CAD      |             | 20,000   | 206,713           | 199,200           |
| InterRent Real Estate Investment Trust              | CAD      |             | 12,000   | 86,571            | 97,080            |
| Pure Industrial Real Estate Trust                   | CAD      |             | 10,000   | 68,950            | 68,800            |
| Pure Multi-Family REIT LP                           | CAD      |             | 27,000   | 239,616           | 234,900           |
| Realogy Holdings Corp.                              | USD      |             | 2,700    | 110,082           | 113,619           |
| StorageVault Canada Inc.                            | CAD      |             | 15,000   | 37,827            | 39,600            |
| Summit Industrial Income REIT                       | CAD      |             | 15,000   | 106,050           | 105,750           |
| Tricon Capital Group Inc.*                          | CAD      |             | 12,500   | 146,651           | 145,250           |
| Weyerhaeuser Company                                | USD      |             | 1,700    | 77,562            | 73,853            |
|   |          |             |          | <u>1,080,022</u>  | <u>1,078,052</u>  |
| <b>Telecommunication Services</b>                   |          | <b>0.6%</b> |          |                   |                   |
| T-Mobile US, Inc.*                                  | USD      |             | 900      | 80,378            | 70,751            |
| TeraGo Inc.*  | CAD      |             | 8,100    | 36,287            | 40,419            |
|   |          |             |          | <u>116,665</u>    | <u>111,170</u>    |
| <b>Utilities</b>                                    |          | <b>5.0%</b> |          |                   |                   |
| Algonquin Power & Utilities Corp.*                  | CAD      |             | 6,000    | 83,379            | 81,900            |
| Alterra Power Corp.                                 | CAD      |             | 25,000   | 137,129           | 142,250           |
| Boralex Inc., Class A                               | CAD      |             | 4,000    | 89,935            | 87,840            |
| Brookfield Infrastructure Partners L.P.             | CAD      |             | 2,000    | 106,879           | 106,080           |
| Brookfield Renewable Partners L.P.                  | CAD      |             | 1,200    | 52,567            | 49,620            |
| Maxim Power Corp.                                   | CAD      |             | 50,000   | 146,290           | 136,000           |
| Northland Power Inc.*                               | CAD      |             | 10,900   | 267,016           | 251,790           |
| Pattern Energy Group Inc., Class A*                 | CAD      |             | 2,000    | 66,483            | 62,120            |
| TransAlta Renewables Inc.                           | CAD      |             | 2,500    | 39,547            | 39,150            |
|   |          |             |          | <u>989,225</u>    | <u>956,750</u>    |
|   |          |             |          | <u>12,057,941</u> | <u>11,846,450</u> |

# EXEMPLAR GROWTH AND INCOME FUND

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

| Funds - Long                                   |          | 23.8%    |                  |                  |    |
|--|----------|----------|------------------|------------------|----|
| Security Name                                  | Currency | Quantity | Average Cost     | Fair Value       |    |
|  |          |          | \$               | \$               | \$ |
| Boyd Group Income Fund                         | CAD      | 1,800    | 158,955          | 173,070          |    |
| Crius Energy Trust, Subscription Receipts      | CAD      | 12,500   | 122,500          | 128,625          |    |
| Crius Energy Trust                             | CAD      | 10,500   | 106,786          | 108,885          |    |
| East Coast Investment Grade Income Fund*       | CAD      | 25,449   | 247,556          | 252,709          |    |
| Exemplar Tactical Corporate Bond Fund Series I | CAD      | 292,150  | 2,940,358        | 2,981,381        |    |
| Health Care Select Sector SPDR                 | USD      | 5,300    | 555,827          | 544,620          |    |
| iShares 20+ Year Treasury Bond                 | USD      | 1,000    | 163,140          | 162,256          |    |
| iShares S&P/TSX Global Gold Index ETF          | CAD      | 20,000   | 263,699          | 243,200          |    |
|  |          |          | <u>4,558,821</u> | <u>4,594,746</u> |    |

| Fixed Income Positions - Long            |          | 2.0%        |               |           |              |            |    |
|--|----------|-------------|---------------|-----------|--------------|------------|----|
| Security Name                            | Currency | Coupon Rate | Maturity Date | Par Value | Average Cost | Fair Value |    |
|  |          | %           |               |           | \$           | \$         | \$ |
| American Hotel Income Properties REIT LP | USD      | 5.00        | 06-30-22      | 305,000   | 411,110      | 393,467    |    |

| Warrant Positions - Long |          | 0.6%         |               |          |              |            |    |
|--------------------------|----------|--------------|---------------|----------|--------------|------------|----|
| Security Name            | Currency | Strike Price | Maturity Date | Quantity | Average Cost | Fair Value |    |
|                          |          |              |               |          | \$           | \$         | \$ |
| Bank of America          | USD      | 13.20        | 01-16-19      | 7,000    | 105,174      | 109,294    |    |

| Forward Currency Contracts |                | 0.7%          |                |               |               |              |               |                |
|----------------------------|----------------|---------------|----------------|---------------|---------------|--------------|---------------|----------------|
| Currency Purchased         | Notional Value | Currency Sold | Notional Value | Contract Rate | Maturity Date | Counterparty | Credit Rating | Fair Value     |
|                            |                |               |                |               |               |              |               | \$             |
| CAD                        | 3,918,152      | USD           | (2,900,000)    | 1.35000       | 07-06-17      | BNY Mellon   | A1            | 157,510        |
| USD                        | 600,000        | CAD           | (810,346)      | 0.74000       | 07-06-17      | BNY Mellon   | A1            | (32,282)       |
| USD                        | 700,000        | CAD           | (921,697)      | 0.76000       | 07-06-17      | BNY Mellon   | A1            | (13,956)       |
| CAD                        | 1,724,983      | USD           | (1,300,000)    | 1.33000       | 07-06-17      | BNY Mellon   | A1            | 39,178         |
| USD                        | 650,000        | CAD           | (855,286)      | 0.76000       | 07-06-17      | BNY Mellon   | A1            | (12,383)       |
| USD                        | 600,000        | CAD           | (778,784)      | 0.77000       | 07-06-17      | BNY Mellon   | A1            | (720)          |
|                            |                |               |                |               |               |              |               | <u>137,347</u> |

| Investment Portfolio Summary  |  |              | Average Cost / (Proceeds) | Fair Value        |
|-------------------------------|--|--------------|---------------------------|-------------------|
|                               |  | %            | \$                        | \$                |
| Equity Positions - Long       |  | 61.3         | 12,057,941                | 11,846,450        |
| Funds - Long                  |  | 23.8         | 4,558,821                 | 4,594,746         |
| Fixed Income Positions - Long |  | 2.0          | 411,110                   | 393,467           |
| Warrant Positions - Long      |  | 0.6          | 105,174                   | 109,294           |
| Forward Currency Contracts    |  | 0.7          | -                         | 137,347           |
| Total Investments             |  | <u>88.4</u>  | <u>17,133,046</u>         | <u>17,081,304</u> |
| Total Other Net Assets        |  | <u>11.6</u>  | <u>-</u>                  | <u>2,245,825</u>  |
| Total Net Assets              |  | <u>100.0</u> | <u>17,133,046</u>         | <u>19,327,129</u> |

\* Denotes all or part of securities on loan

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Growth and Income Fund is to achieve long term growth and preservation of capital. The Fund will 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.

### RISK MANAGEMENT

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

The management of these risks is carried out by the Manager in accordance with the Fund's Declaration of Trust.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

| Credit Rating* | Percentage of total debt securities |                         |
|----------------|-------------------------------------|-------------------------|
|                | As at June 30, 2017                 | As at December 31, 2016 |
|                | %                                   | %                       |
| A              | -                                   | -                       |
| AA             | -                                   | -                       |
| AAA            | -                                   | -                       |
| BBB            | -                                   | -                       |
| Below BBB      | -                                   | -                       |
| Not Rated      | 100.0                               | -                       |
| Total          | 100.0                               | -                       |

\* Credit ratings are obtained from Standard & Poor's, Moody's and / or Dominion Bond Rating Service.

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, 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 Fund 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 Aa3.

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 Fund. Therefore, the Fund 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 Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit, cash held at the broker and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's prime 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 Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and 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).

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The Fund is 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 Fund's liabilities are typically due in less than 3 months. Redeemable units 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 units 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 Fund's exposure to other currencies as 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 units 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 items include equities, funds and warrants. Monetary items include fixed income, cash and other current receivables and payables.

| June 30, 2017   |                  |                    | Impact on net assets attributable to holders of redeemable units |                 |                    |                |
|---|------------------|--------------------|--|-----------------|--------------------|----------------|
| Currency  | Exposure         |                    |  | Monetary<br>\$  | Non-Monetary<br>\$ | Total<br>\$    |
|   | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$  |                 |                    |                |
| United States Dollar - Long                                 | 5,516,730        | 4,108,245          | 9,624,975  | 551,673         | 410,825            | 962,498        |
| United States Dollar - Short                                | (6,405,979)      | -                  | (6,405,979)  | (640,598)       | -                  | (640,598)      |
| <b>Total</b>  | <b>(889,249)</b> | <b>4,108,245</b>   | <b>3,218,996</b>   | <b>(88,925)</b> | <b>410,825</b>     | <b>321,900</b> |
| % of net assets attributable to holders of redeemable units | (4.6%)           | 21.3%              | 16.7%  | (0.5%)          | 2.1%               | 1.7%           |

| December 31, 2016   |                  |                    | Impact on net assets attributable to holders of redeemable units |                 |                    |                |
|---|------------------|--------------------|--|-----------------|--------------------|----------------|
| Currency  | Exposure         |                    |  | Monetary<br>\$  | Non-Monetary<br>\$ | Total<br>\$    |
|   | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$  |                 |                    |                |
| United States Dollar - Long                                 | 5,516,730        | 4,108,245          | 9,624,975  | 551,673         | 410,825            | 962,498        |
| United States Dollar - Short                                | (6,405,979)      | -                  | (6,405,979)  | (640,598)       | -                  | (640,598)      |
| <b>Total</b>  | <b>(889,249)</b> | <b>4,108,245</b>   | <b>3,218,996</b>   | <b>(88,925)</b> | <b>410,825</b>     | <b>321,900</b> |
| % of net assets attributable to holders of redeemable units | (3.5%)           | 11.8%              | 8.3%   | (0.3%)          | 1.2%               | 0.8%           |

#### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and December 31, 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

| Term to Maturity   | Total Exposure    |                   |
|--|-------------------|-------------------|
|  | June 30, 2017     | December 31, 2016 |
| Less than 1 year   | \$ -              | \$ -              |
| 1-3 years  | -                 | -                 |
| 3-5 years  | -                 | -                 |
| Greater than 5 years   | 393,467           | -                 |
| <b>Total</b>   | <b>\$ 393,467</b> | <b>\$ -</b>       |
| Sensitivity:   |                   |                   |
| Total \$ sensitivity to net assets attributable to holders of redeemable units | +/- \$ 17,202     | +/- \$ -          |
| Total % sensitivity to net assets attributable to holders of redeemable units  | 0.1%              | 0.0%              |

### (c) Price Risk

The Fund'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.

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.

As at June 30, 2017, the impact on net assets of the Fund due to a 5% change in market prices of equity and fund securities is \$827,525 (December 31, 2016: \$575,591) (all other variables held constant).

### 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.

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The following is a summary of the Fund's concentration risk as of June 30, 2017 and December 31, 2016:

| Market Segment             | % of net assets attributable to holders of redeemable units |                 |                   |                 |
|----------------------------|---|-----------------|-------------------|-----------------|
|                            | June 30, 2017   |                 | December 31, 2016 |                 |
|                            | Long Positions  | Short Positions | Long Positions    | Short Positions |
|                            | %   | %               | %                 | %               |
| Consumer Discretionary     | 6.0   | -               | 3.9               | -               |
| Consumer Staples           | 6.4   | -               | 4.3               | -               |
| Corporate Bonds            | 2.0   | -               | -                 | -               |
| Energy                     | 9.6   | -               | 7.0               | -               |
| Financials                 | 8.4   | -               | 2.5               | (0.4)           |
| Funds                      | 23.8  | -               | 44.7              | -               |
| Health Care                | 1.7   | -               | 2.6               | (0.1)           |
| Industrials                | 7.9   | -               | 5.3               | -               |
| Information Technology     | 3.2   | -               | 4.9               | -               |
| Materials                  | 6.9   | -               | 7.4               | -               |
| Real Estate                | 5.6   | -               | 3.0               | -               |
| Telecommunication Services | 0.6   | -               | 0.2               | -               |
| Utilities                  | 5.0   | -               | 2.6               | -               |
| Derivatives                | 1.3   | -               | 0.5               | -               |
| <b>Total</b>               | <b>88.4</b>   | <b>-</b>        | <b>88.9</b>       | <b>(0.5)</b>    |

### FAIR VALUE MEASUREMENT

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

The following table illustrates the classification of the Fund'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             |
|------------------------------|-------------------|------------------|----------|-------------------|
|                              | \$                | \$               | \$       | \$                |
| <b>Financial assets</b>      |                   |                  |          |                   |
| Equities                     | 11,774,000        | 72,450           | -        | 11,846,450        |
| Fixed income                 | -                 | 393,467          | -        | 393,467           |
| Funds                        | 1,484,740         | 3,110,006        | -        | 4,594,746         |
| Derivatives                  | -                 | 305,982          | -        | 305,982           |
| <b>Total</b>                 | <b>13,258,740</b> | <b>3,881,905</b> | <b>-</b> | <b>17,140,645</b> |
| <b>Financial liabilities</b> |                   |                  |          |                   |
| Derivatives                  | -                 | (59,341)         | -        | (59,341)          |
| <b>Total</b>                 | <b>-</b>          | <b>(59,341)</b>  | <b>-</b> | <b>(59,341)</b>   |

| December 31, 2016   | Level 1          | Level 2          | Level 3  | Total             |
|---------------------|------------------|------------------|----------|-------------------|
|                     | \$               | \$               | \$       | \$                |
| <b>Assets</b>       |                  |                  |          |                   |
| Equities            | 5,702,445        | -                | -        | 5,702,445         |
| Funds               | 37,170           | 5,791,675        | -        | 5,828,845         |
| Derivatives         | 44,381           | 32,083           | -        | 76,464            |
| <b>Total</b>        | <b>5,783,996</b> | <b>5,823,758</b> | <b>-</b> | <b>11,607,754</b> |
| <b>Liabilities</b>  |                  |                  |          |                   |
| Equities sold short | (63,855)         | -                | -        | (63,855)          |
| <b>Total</b>        | <b>(63,855)</b>  | <b>-</b>         | <b>-</b> | <b>(63,855)</b>   |



# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

All fair value measurements above are recurring. The carrying values of all of the Fund'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 Fund, 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. In addition, at each financial reporting date, the Manager reviews and approves all level 3 fair value measurements, if applicable.

### a) Equities and Funds

The Fund's equity positions and some investments in funds are classified as level 1 as the securities are actively traded on a recognized exchange and a quoted price is available. Equity positions which have resale restrictions but otherwise trade on the market are classified as Level 2. Funds that do not trade on an exchange are valued by valuation agents and are classified as Level 2.

### b) Bonds

The Fund's bond holdings are comprised of US bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

### c) Derivatives

Derivatives consist of warrants and forward currency contracts. 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. Forward currency contracts are valued based primarily on the contract notional amount and the difference between the contract rate and the forward market rate for the same currency, adjusted for counterparty risk. Forward currency contracts are classified as Level 2.

As at June 30, 2017, the Fund did not hold any level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ended June 30, 2017 and 2016.

### 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 | Interest expense | Dividend income | Dividend expense | Securities lending income | Total    |
|---------------------------------|-------------------------------|---|-----------------|------------------|-----------------|------------------|---------------------------|----------|
| June 30, 2017                   | \$                            | \$  | \$              | \$               | \$              | \$               | \$                        | \$       |
| Financial assets at FVTPL:      |                               |   |                 |                  |                 |                  |                           |          |
| Designated as FVTPL             | 794,846                       | (587,133)                                 | 5,855           | -                | 184,477         | -                | 13,881                    | 411,926  |
| HFT                             | 46,120                        | 196,688                                   | -               | -                | -               | -                | -                         | 242,808  |
|                                 | 840,966                       | (390,445)                                 | 5,855           | -                | 184,477         | -                | 13,881                    | 654,734  |
| Financial liabilities at FVTPL: |                               |   |                 |                  |                 |                  |                           |          |
| HFT                             | -                             | (59,341)                                  | -               | -                | -               | 235              | -                         | (59,106) |
| Total                           | 840,966                       | (449,786)                                 | 5,855           | -                | 184,477         | 235              | 13,881                    | 595,628  |

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

| June 30, 2016             | Net realized<br>gains / (losses)<br>\$ | Net change in<br>unrealized<br>gains /<br>(losses)<br>\$ | Interest<br>income<br>\$ | Interest<br>expense<br>\$ | Dividend<br>income<br>\$ | Dividend<br>expense<br>\$ | Securities<br>lending<br>income<br>\$ | Total<br>\$ |
|---------------------------|--|--|--------------------------|---------------------------|--------------------------|---------------------------|---------------------------------------|-------------|
| Financial asset at FVTPL: |  |  |                          |                           |                          |                           |                                       |             |
| Designated as FVTPL       | 641,583                                | 130,685  | 1,750                    | -                         | 57,842                   | -                         | -                                     | 831,860     |
| HFT                       | (216,404)                              | (10,564)   | -                        | -                         | -                        | (5,743)                   | -                                     | (232,711)   |
| Total                     | 425,179                                | 120,121  | 1,750                    | -                         | 57,842                   | (5,743)                   | -                                     | 599,149     |

# EXEMPLAR INVESTMENT GRADE FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <b>ASSETS</b>   |                           |                               |
| <b>Current assets</b>   |                           |                               |
| Financial assets designated at fair value through profit and loss | \$106,834,148             | \$57,282,929                  |
| Financial assets held for trading                                 |                           |                               |
| Options at fair value - long                                      | 17,218                    | 105,735                       |
| Unrealized gain on swap contracts                                 | 882,640                   | 463,424                       |
| Unrealized gain on futures contracts - long                       | 403,772                   | -                             |
| Unrealized gain on futures contracts - short                      | 314,169                   | 282,896                       |
| Unrealized gain on forward currency contracts                     | -                         | 579                           |
| Cash  | 2,152,648                 | 2,992,269                     |
| Margin deposits   | 1,627,023                 | 1,075,998                     |
| Accrued dividends receivable                                      | 8,897                     | 11,785                        |
| Accrued interest receivable                                       | 714,059                   | 423,896                       |
| Receivable for securities sold                                    | 6,654,283                 | 124,451                       |
| Receivable for redeemable units issued                            | 1,746,964                 | 275,441                       |
|   | 121,355,821               | 63,039,403                    |
| <b>LIABILITIES</b>  |                           |                               |
| <b>Current liabilities</b>  |                           |                               |
| Financial liabilities held for trading                            |                           |                               |
| Options at fair value - short                                     | 1,608                     | 23,893                        |
| Unrealized loss on swap contracts                                 | 24,487                    | 153,188                       |
| Unrealized loss on futures contracts - long                       | -                         | 106,435                       |
| Unrealized loss on futures contracts - short                      | -                         | 4,510                         |
| Margin loan   | 285,247                   | 296,921                       |
| Payable for securities purchased                                  | 4,979,389                 | -                             |
| Accrued interest payable  | 66,881                    | 8,859                         |
| Payable for redeemable units redeemed                             | 131,269                   | 191,934                       |
| Other liabilities (Note 11)                                       | 113,669                   | 65,156                        |
|   | 5,664,329                 | 850,896                       |
| <b>Net assets attributable to holders of redeemable units</b>     | <b>\$115,691,492</b>      | <b>\$62,188,507</b>           |
| Net assets attributable to holders of redeemable units            |                           |                               |
| Series A  | \$24,326,963              | \$14,183,535                  |
| Series AI   | \$3,539,090               | \$2,549,060                   |
| Series AN   | \$4,630,135               | \$3,180,116                   |
| Series F  | \$68,477,899              | \$34,960,710                  |
| Series FI   | \$4,682,766               | \$4,103,761                   |
| Series FN   | \$8,330,569               | \$3,149,854                   |
| Series I  | \$5,424                   | 5,266                         |
| Series G  | \$1,698,646               | \$56,205                      |

Continued on next page.

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

# EXEMPLAR INVESTMENT GRADE FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <i>Continued from previous page.</i>                            |                           |                               |
| Number of redeemable units outstanding (Note 8)                 |                           |                               |
| Series A  | 2,483,119                 | 1,459,186                     |
| Series AI   | 381,951                   | 274,643                       |
| Series AN   | 448,057                   | 314,815                       |
| Series F  | 6,887,152                 | 3,554,196                     |
| Series FI   | 496,890                   | 436,032                       |
| Series FN   | 803,852                   | 311,722                       |
| Series I  | 506                       | 506                           |
| Series G  | 128,930                   | 4,176                         |
| Net assets attributable to holders of redeemable units per unit |                           |                               |
| Series A  | \$9.80                    | \$9.72                        |
| Series AI   | \$9.27                    | \$9.28                        |
| Series AN   | \$10.33                   | \$10.10                       |
| Series F  | \$9.94                    | \$9.84                        |
| Series FI   | \$9.42                    | \$9.41                        |
| Series FN   | \$10.36                   | \$10.10                       |
| Series I  | \$10.72                   | 10.41                         |
| Series G USD  | \$10.16                   | \$10.02                       |
| USD/CAD Foreign Exchange Rate                                   | 0.7711                    | 0.7448                        |

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

“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 INVESTMENT GRADE FUND

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

|   | 2017<br>\$       | 2016<br>\$       |
|---|------------------|------------------|
| <b>INCOME</b>   |                  |                  |
| Net gains (losses) on investments and derivatives   |                  |                  |
| Interest for distribution purposes  | 1,515,764        | 948,683          |
| Interest expense on short sales   | (133,407)        | -                |
| Dividend income   | 124,880          | 95,546           |
| Dividend expense on short sales   | -                | (32,830)         |
| Securities lending income (net) (Note 10)   | 684              | -                |
| Net realized gain (loss) on investments and derivatives   | 1,455,168        | (183,747)        |
| Net change in unrealized appreciation (depreciation) in value of investments and derivatives            | (257,666)        | 923,281          |
| Net gains (losses) on investments and derivatives   | 2,705,423        | 1,750,933        |
| Other income items:   |                  |                  |
| Interest on cash  | 3,068            | 4,536            |
| Foreign exchange gain (loss)  | (207,438)        | (60,245)         |
| Net change in unrealized foreign exchange gain (loss)   | (89,336)         | (119,137)        |
| <b>Total income (net)</b>   | <b>2,411,717</b> | <b>1,576,087</b> |
| <b>EXPENSES</b>   |                  |                  |
| Securityholder reporting fees   | 143,378          | 108,734          |
| Management fees (Note 11)   | 425,482          | 244,083          |
| Interest expense  | 1,661            | 1,667            |
| Audit fees  | 10,329           | 9,450            |
| Legal fees  | 893              | 4,703            |
| Independent Review Committee fees   | 2,715            | 2,300            |
| Custodial fees  | 10,870           | 8,882            |
| Commissions and other portfolio transaction costs (Note 11)   | 15,772           | 6,330            |
| Commissions on Futures (Note 11)  | 14,808           | 16,062           |
| Harmonized sales tax  | 42,012           | 23,389           |
| Total expense before manager absorption   | 667,920          | 425,600          |
| Less: expenses absorbed by manager (Note 11)  | (78,266)         | (83,931)         |
| <b>Total expenses after manager absorption</b>  | <b>589,654</b>   | <b>341,669</b>   |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b>                    | <b>1,822,063</b> | <b>1,234,418</b> |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>          |                  |                  |
| Series A  | 375,723          | 341,217          |
| Series AI   | 64,470           | 46,897           |
| Series AN   | 82,067           | 62,175           |
| Series F  | 1,120,249        | 679,787          |
| Series FI   | 111,861          | 48,994           |
| Series FN   | 112,253          | 46,541           |
| Series I  | 158              | 10,413           |
| Series G  | (44,718)         | (1,606)          |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b> |                  |                  |
| Series A  | 0.19             | 0.23             |
| Series AI   | 0.20             | 0.23             |
| Series AN   | 0.21             | 0.27             |
| Series F  | 0.21             | 0.23             |
| Series FI   | 0.23             | 0.19             |
| Series FN   | 0.20             | 0.28             |
| Series I  | 0.31             | 0.28             |
| Series G  | (1.07)           | (0.34)           |

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

# EXEMPLAR INVESTMENT GRADE FUND

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

|  |           | 2017<br>\$         | 2016<br>\$        |
|--|-----------|--------------------|-------------------|
| <b>Net assets attributable to holders of redeemable units at beginning of period</b> |           |                    |                   |
|  | Series A  | 14,183,535         | 14,295,352        |
|  | Series AI | 2,549,060          | 1,801,322         |
|  | Series AN | 3,180,116          | 1,990,671         |
|  | Series F  | 34,960,710         | 34,249,772        |
|  | Series FI | 4,103,761          | 2,308,105         |
|  | Series FN | 3,149,854          | 1,429,487         |
|  | Series I  | 5,266              | -                 |
|  | Series G  | 56,205             | 62,349            |
|  |           | <u>62,188,507</u>  | <u>56,137,058</u> |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b> |           |                    |                   |
|  | Series A  | 375,723            | 341,217           |
|  | Series AI | 64,470             | 46,897            |
|  | Series AN | 82,067             | 62,175            |
|  | Series F  | 1,120,249          | 679,787           |
|  | Series FI | 111,861            | 48,994            |
|  | Series FN | 112,253            | 46,541            |
|  | Series I  | 158                | 10,413            |
|  | Series G  | (44,718)           | (1,606)           |
|  |           | <u>1,822,063</u>   | <u>1,234,418</u>  |
| <b>Distributions to holders of redeemable units</b>                                  |           |                    |                   |
| From net investment income   | Series A  | (287,339)          | (211,614)         |
|  | Series AI | (73,764)           | (45,353)          |
|  | Series AN | -                  | -                 |
|  | Series F  | (753,431)          | (437,203)         |
|  | Series FI | (108,956)          | (56,455)          |
|  | Series FN | -                  | -                 |
|  | Series I  | -                  | -                 |
|  | Series G  | (6,444)            | (905)             |
|  |           | <u>(1,229,934)</u> | <u>(751,530)</u>  |
| From net realized gains on investments and derivatives                               | Series A  | -                  | -                 |
|  | Series AI | -                  | -                 |
|  | Series AN | -                  | -                 |
|  | Series F  | -                  | -                 |
|  | Series FI | -                  | -                 |
|  | Series FN | -                  | -                 |
|  | Series I  | -                  | -                 |
|  | Series G  | -                  | -                 |
|  |           | <u>-</u>           | <u>-</u>          |
| Return of capital  | Series A  | -                  | -                 |
|  | Series AI | -                  | -                 |
|  | Series AN | -                  | -                 |
|  | Series F  | -                  | -                 |
|  | Series FI | -                  | -                 |
|  | Series FN | -                  | -                 |
|  | Series I  | -                  | -                 |
|  | Series G  | -                  | -                 |
|  |           | <u>-</u>           | <u>-</u>          |
| <b>Total distributions to holders of redeemable units</b>                            |           | <u>(1,229,934)</u> | <u>(751,530)</u>  |

Continued on next page.

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

# EXEMPLAR INVESTMENT GRADE FUND

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

|  |           | 2017<br>\$         | 2016<br>\$         |
|--|-----------|--------------------|--------------------|
| <i>Continued from previous page.</i>   |           |                    |                    |
| <b>Redeemable unit transactions</b>  |           |                    |                    |
| Proceeds from redeemable units issued  | Series A  | 12,595,653         | 1,938,038          |
|  | Series AI | 1,188,652          | 217,055            |
|  | Series AN | 2,058,446          | 906,426            |
|  | Series F  | 39,432,910         | 6,090,055          |
|  | Series FI | 1,047,847          | 1,390,286          |
|  | Series FN | 5,550,916          | 567,674            |
|  | Series I  | -                  | 505,016            |
|  | Series G  | 1,690,690          | -                  |
| Reinvestments of distributions to holders of redeemable units                            | Series A  | 221,166            | 137,618            |
|  | Series AI | 23,157             | 12,601             |
|  | Series AN | -                  | -                  |
|  | Series F  | 316,288            | 221,124            |
|  | Series FI | 24,021             | 17,634             |
|  | Series FN | -                  | -                  |
|  | Series I  | -                  | -                  |
|  | Series G  | 2,913              | -                  |
| Redemption of redeemable units   | Series A  | (2,761,775)        | (2,060,727)        |
|  | Series AI | (212,485)          | (130,234)          |
|  | Series AN | (690,494)          | (353,380)          |
|  | Series F  | (6,598,827)        | (13,767,965)       |
|  | Series FI | (495,768)          | (646,931)          |
|  | Series FN | (482,454)          | (99,046)           |
|  | Series I  | -                  | (510,415)          |
|  | Series G  | -                  | -                  |
| <b>Net increase (decrease) from redeemable unit transactions</b>                         |           | <b>52,910,856</b>  | <b>(5,565,171)</b> |
| <b>Net increase (decrease) in net assets attributable to holders of redeemable units</b> |           | <b>53,502,985</b>  | <b>(5,082,283)</b> |
|  | Series A  | 24,326,963         | 14,439,884         |
|  | Series AI | 3,539,090          | 1,902,288          |
|  | Series AN | 4,630,135          | 2,605,892          |
|  | Series F  | 68,477,899         | 27,035,570         |
|  | Series FI | 4,682,766          | 3,061,633          |
|  | Series FN | 8,330,569          | 1,944,656          |
|  | Series I  | 5,424              | 5,014              |
|  | Series G  | 1,698,646          | 59,838             |
| <b>Net assets attributable to holders of redeemable units at end of period</b>           |           | <b>115,691,492</b> | <b>51,054,775</b>  |

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

# EXEMPLAR INVESTMENT GRADE FUND

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

|  | 2017<br>\$          | 2016<br>\$<br>(Note 3) |
|--|---------------------|------------------------|
| <b>Cash flows from (used in) operating activities</b>  |                     |                        |
| Increase (decrease) in net assets attributable to holders of redeemable units                | 1,822,063           | 1,234,418              |
| Adjustment for:  |                     |                        |
| Net change in unrealized foreign exchange (gain) loss on cash                                | (79,022)            | 122,227                |
| Net realized (gain) loss on investments and derivatives                                      | (1,455,168)         | 183,747                |
| Net change in unrealized (appreciation) depreciation in value of investments and derivatives | 257,666             | (923,281)              |
| Purchase of investments  | (364,871,864)       | (123,309,790)          |
| Proceeds on sale of investments and derivatives  | 314,002,387         | 131,522,336            |
| Decrease (increase) in accrued interest receivable   | (290,163)           | 139,032                |
| Decrease (increase) in accrued dividend receivable   | 2,888               | (2,604)                |
| Increase (decrease) in accrued interest payable  | 58,022              | (3,537)                |
| Increase (decrease) in other liabilities   | 48,513              | (7,363)                |
| Decrease (increase) in margin deposits   | (551,025)           | 199,332                |
| <b>Net cash from (used in) operating activities</b>  | <b>(51,055,703)</b> | <b>9,154,517</b>       |
| <b>Cash flows from (used in) financing activities</b>  |                     |                        |
| Proceeds from redeemable units issued  | 60,810,401          | 10,938,142             |
| Redemption of redeemable units   | (10,019,277)        | (16,951,789)           |
| Distributions paid to holders of redeemable units, net of reinvested distributions           | (642,389)           | (362,553)              |
| Increase (decrease) in margin loan   | (11,674)            | 33,817                 |
| <b>Net cash from (used in) financing activities</b>  | <b>50,137,060</b>   | <b>(6,342,383)</b>     |
| <b>Net Increase (decrease) in cash</b>   | <b>(918,643)</b>    | <b>2,812,134</b>       |
| <b>Cash at beginning of the period</b>   | <b>2,992,269</b>    | <b>1,103,829</b>       |
| Net change in unrealized foreign exchange gain (loss) on cash                                | 79,022              | (122,227)              |
| <b>Cash at end of the period</b>   | <b>2,152,648</b>    | <b>3,793,736</b>       |
| <b>Supplemental information:</b>   |                     |                        |
| Interest received*   | 1,228,669           | 1,092,251              |
| Dividends received*  | 127,768             | 92,942                 |
| Interest and dividends paid*   | (56,361)            | (5,204)                |
| *Included as part of cash flows from operating activities                                    |                     |                        |

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



# EXEMPLAR INVESTMENT GRADE FUND

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

| Equity Positions - Long                           |          | 7.4%        |          |                    |                  |
|---|----------|-------------|----------|--------------------|------------------|
| Security Name                                     | Currency |             | Quantity | Average Cost<br>\$ | Fair Value<br>\$ |
| <b>Energy</b>                                     |          | <b>2.0%</b> |          |                    |                  |
| Enbridge Inc. - Preferred Series B                | CAD      |             | 60,600   | 1,111,864          | 1,147,764        |
| Enbridge Inc. - Preferred Series L                | USD      |             | 39,746   | 1,142,317          | 1,216,921        |
|   |          |             |          | 2,254,181          | 2,364,685        |
| <b>Financials</b>                                 |          | <b>5.4%</b> |          |                    |                  |
| Bank of Montreal - Preferred Class B              | CAD      |             | 25,100   | 529,064            | 529,610          |
| Bank of Montreal - Preferred Series 40            | CAD      |             | 17,000   | 435,965            | 437,750          |
| Bank of Montreal - Preferred Series 42            | CAD      |             | 108,000  | 2,697,915          | 2,697,840        |
| The Bank of Nova Scotia - Preferred Series 32     | CAD      |             | 69,000   | 1,474,118          | 1,538,700        |
| Canadian Imperial Bank of Commerce - Preferred 45 | CAD      |             | 41,000   | 1,025,000          | 1,027,050        |
|   |          |             |          | 6,162,062          | 6,230,950        |
|   |          |             |          | 8,416,243          | 8,595,635        |

| Fixed Income Positions - Long            |          | 85.0%            |               |           |                    |                  |
|--|----------|------------------|---------------|-----------|--------------------|------------------|
| Security Name                            | Currency | Coupon Rate<br>% | Maturity Date | Par Value | Average Cost<br>\$ | Fair Value<br>\$ |
| Anheuser-Busch Inbev Finance Inc.        | CAD      | 3.38             | 01-25-23      | 4,918,000 | 5,209,827          | 5,131,294        |
| AT&T Inc.                                | CAD      | 3.83             | 11-25-20      | 4,618,000 | 4,919,899          | 4,829,920        |
| Bank of America Corporation              | CAD      | 2.60             | 03-15-23      | 3,217,000 | 3,217,000          | 3,217,708        |
| Bank of America Corporation              | CAD      | 3.23             | 06-22-22      | 1,101,000 | 1,139,546          | 1,135,450        |
| Bank of Montreal                         | CAD      | 3.12             | 09-19-24      | 4,111,000 | 4,197,991          | 4,193,261        |
| Bank of Montreal                         | CAD      | 2.70             | 12-09-26      | 2,855,000 | 2,865,340          | 2,871,131        |
| Bruce Power L.P.                         | CAD      | 2.84             | 06-23-21      | 4,628,000 | 4,724,815          | 4,716,580        |
| Canadian Imperial Bank of Commerce       | CAD      | 3.00             | 10-28-24      | 5,347,000 | 5,484,187          | 5,444,743        |
| Citigroup Inc.                           | CAD      | 4.65             | 10-11-22      | 2,314,000 | 2,342,925          | 2,337,302        |
| Cominar Real Estate Investment Trust     | CAD      | 3.62             | 06-21-19      | 2,000,000 | 2,047,480          | 1,997,060        |
| Enbridge Inc.                            | CAD      | 1.48             | 05-24-19      | 300,000   | 300,000            | 300,534          |
| Enbridge Inc.                            | CAD      | 3.19             | 12-05-22      | 1,296,000 | 1,351,793          | 1,330,253        |
| Fairfax Financial Holdings Limited       | CAD      | 7.25             | 06-22-20      | 2,100,000 | 2,372,307          | 2,353,638        |
| First Capital Realty Inc.                | CAD      | 5.60             | 04-30-20      | 2,059,000 | 2,313,904          | 2,245,051        |
| Ford Credit Canada Company               | CAD      | 2.77             | 06-22-22      | 1,364,000 | 1,364,000          | 1,357,944        |
| Ford Credit Canada Company               | CAD      | 2.45             | 05-07-20      | 4,002,000 | 4,022,057          | 4,015,047        |
| Ford Credit Canada Company               | CAD      | 2.92             | 09-16-20      | 1,632,000 | 1,677,435          | 1,658,830        |
| The Goldman Sachs Group, Inc.            | CAD      | 2.43             | 04-26-23      | 3,399,000 | 3,401,130          | 3,362,291        |
| The Goldman Sachs Group, Inc.            | USD      | 2.31             | 04-26-22      | 4,000,000 | 5,395,824          | 5,228,801        |
| Bank of Canada*                          | CAD      | 1.50             | 06-01-23      | 186,000   | 200,878            | 186,061          |
| Bank of Canada                           | CAD      | 1.75             | 09-01-19      | 2,000,000 | 2,027,898          | 2,026,420        |
| HSBC Bank Canada                         | CAD      | 2.17             | 06-29-22      | 2,054,000 | 2,054,000          | 2,037,424        |
| Inter Pipeline Ltd.                      | CAD      | 4.97             | 02-02-21      | 2,097,000 | 2,310,391          | 2,282,375        |
| JPMorgan Chase & Co.                     | CAD      | 1.98             | 02-22-21      | 2,449,000 | 2,449,160          | 2,456,347        |
| Morgan Stanley                           | USD      | 2.37             | 01-20-22      | 2,179,000 | 2,845,229          | 2,855,451        |
| Morgan Stanley                           | CAD      | 3.00             | 02-07-24      | 2,000,000 | 2,012,008          | 2,012,660        |
| Northgroup Preferred Capital Corporation | USD      | 6.38             | 01-29-49      | 4,774,000 | 6,281,006          | 6,144,491        |
| RioCan Real Estate Investment Trust      | CAD      | 2.19             | 08-26-20      | 1,441,000 | 1,443,439          | 1,434,905        |
| Shaw Communications Inc.*                | CAD      | 3.15             | 02-19-21      | 2,500,000 | 2,583,850          | 2,567,025        |
| Shaw Communications Inc.                 | CAD      | 5.50             | 12-07-20      | 675,000   | 751,964            | 747,887          |
| Shaw Communications Inc.                 | CAD      | 5.65             | 10-01-19      | 1,065,000 | 1,178,114          | 1,150,615        |
| TELUS Corporation                        | CAD      | 5.05             | 07-23-20      | 296,000   | 330,573            | 322,655          |



# EXEMPLAR INVESTMENT GRADE FUND

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

| Swap Positions<br>Security Name  | Currency | 0.7%                | Notional<br>Value | Average<br>Cost /<br>(Proceeds)<br>\$ | Unrealized<br>Gain / (Loss)<br>\$ |
|----------------------------------|----------|---------------------|-------------------|---------------------------------------|-----------------------------------|
| CDS EMB R 1%                     | USD      | Credit Default Swap | 3,556,000         | (56,860)                              | (7,330)                           |
| IRS P CDOR3M R 1.1025            | CAD      | Interest Rate Swap  | 2,300,000         | -                                     | (17,157)                          |
| IRS R CDOR3M P .8619             | CAD      | Interest Rate Swap  | 6,720,000         | -                                     | 88,867                            |
| IRS R CDOR3M P .9091             | CAD      | Interest Rate Swap  | 12,181,000        | -                                     | 386,274                           |
| IRS R CDOR3M P 1.3925            | CAD      | Interest Rate Swap  | 3,350,000         | -                                     | 55,775                            |
| IRS R CDOR3M P 1.3225            | CAD      | Interest Rate Swap  | 21,850,000        | -                                     | 308,449                           |
| IRS R CDOR3M P 1.075 -- ECIRS032 | CAD      | Interest Rate Swap  | 5,500,000         | -                                     | 43,275                            |
|                                  |          |                     |                   | <u>(56,860)</u>                       | <u>858,153</u>                    |

| Forward Currency Contracts |                   | (0.1%)           |                   | Contract<br>Rate | Maturity<br>Date | Counterparty | Credit<br>Rating | Fair Value<br>\$ |
|----------------------------|-------------------|------------------|-------------------|------------------|------------------|--------------|------------------|------------------|
| Currency<br>Purchased      | Notional<br>Value | Currency<br>Sold | Notional<br>Value |                  |                  |              |                  |                  |
| USD                        | 810,000           | CAD              | (1,094,380)       | 0.74000          | 07-06-17         | BNY Mellon   | A1               | (43,994)         |
| USD                        | 500,000           | CAD              | (666,172)         | 0.75000          | 07-06-17         | BNY Mellon   | A1               | (17,785)         |
|                            |                   |                  |                   |                  |                  |              |                  | <u>(61,779)</u>  |

| Investment Portfolio Summary  | %            | Average Cost<br>/ (Proceeds)<br>\$ | Fair<br>Value<br>\$ |
|-------------------------------|--------------|------------------------------------|---------------------|
| Equity Positions - Long       | 7.4          | 8,416,243                          | 8,595,635           |
| Fixed Income Positions - Long | 85.0         | 99,510,059                         | 98,238,513          |
| Option Positions - Long       | 0.0          | 383,126                            | 17,218              |
| Option Positions - Short      | (0.0)        | (16,807)                           | (1,608)             |
| Futures Contracts - Long      | 0.3          | -                                  | 403,772             |
| Futures Contracts - Short     | 0.3          | -                                  | 314,169             |
| Swap Positions                | 0.7          | (56,860)                           | 858,153             |
| Forward Currency Contracts    | (0.1)        | -                                  | (61,779)            |
| Total Investments             | <u>93.6</u>  | <u>108,235,761</u>                 | <u>108,364,073</u>  |
| Total Other Net Assets        | <u>6.4</u>   | <u>-</u>                           | <u>7,327,419</u>    |
| Total Net Assets              | <u>100.0</u> | <u>108,235,761</u>                 | <u>115,691,492</u>  |

\*Denotes all or part of securities on loan

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Investment Grade Fund is to generate income and capital preservation by investing in a diversified portfolio of primarily North American investment grade corporate bonds.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity, options, interest rate swaps, credit default swaps 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 Fund's Declaration of Trust.

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn can also increase the potential returns the Fund can achieve. The Portfolio Sub-Advisor uses leverage against assets with satisfactory liquidity characteristics in order to increase return on capital subject to market conditions.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

| Credit Rating* | Percentage of total long debt securities |                         |
|----------------|--|-------------------------|
|                | As at June 30, 2017                      | As at December 31, 2016 |
|                | %  | %                       |
| AAA            | 2.3                                      | -                       |
| AA             | 6.1                                      | -                       |
| A              | 12.9                                     | 26.9                    |
| BBB            | 76.7                                     | 67.9                    |
| Below BBB      | -  | 5.2                     |
| Not Rated      | 2.0                                      | -                       |
| Total          | 100.0                                    | 100.0                   |

\* Credit ratings are obtained from Standard & Poor's, Moody's and / or Dominion Bond Rating Service.

The Fund is exposed to counterparty credit risk on swaps and futures contracts. The counterparties to the Fund's swaps are Bank of America and JP Morgan Chase & Co. which have credit ratings as rated by Moody's bond rating services of Baa1 and A3, respectively (December 31, 2016: Baa1 and A3, respectively). Futures contracts are exchange traded. Cash collateral has been provided to JP Morgan Chase & Co. in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statement of Financial Position.

The Fund is exposed to counterparty credit risk on cash, margin deposits and other receivable balances. The Fund's broker and 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 Fund is 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).

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, 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 Fund 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.

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

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 Fund. Therefore, the Fund 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 Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

### Liquidity Risk

All of the Fund's liabilities are typically due in less than 3 months. Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2017, the minimum margin borrowings used was \$354,574 and the maximum margin borrowings used was \$1,489,432. (December 31, 2016: min: \$359,370, max: \$2,072,162).

### Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units 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 Fund's exposure to USD as 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 units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Non-monetary items include non-financial options. Monetary items include futures, bonds, cash, swaps, financial options and other current receivables and payables.

| June 30, 2017   | Exposure   |              |            | Impact on net assets attributable to holders of redeemable units |              |           |
|---|------------|--------------|------------|--|--------------|-----------|
|   | Monetary   | Non-Monetary | Total      | Monetary   | Non-Monetary | Total     |
| Currency  | \$         | \$           | \$         | \$   | \$           | \$        |
| United States Dollar - Long                                 | 23,893,452 | 1,224,961    | 25,118,413 | 2,389,345  | 122,496      | 2,511,841 |
| United States Dollar - Short                                | 11,749     | (1,608)      | 10,141     | 1,175  | (161)        | 1,014     |
| Total   | 23,905,201 | 1,223,353    | 25,128,554 | 2,390,520  | 122,335      | 2,512,855 |
| % of net assets attributable to holders of redeemable units | 20.7%      | 1.1%         | 21.7%      | 2.1%   | 0.1%         | 2.2%      |

| December 31, 2016   | Exposure  |              |           | Impact on net assets attributable to holders of redeemable units |              |         |
|---|-----------|--------------|-----------|--|--------------|---------|
|   | Monetary  | Non-Monetary | Total     | Monetary   | Non-Monetary | Total   |
| Currency  | \$        | \$           | \$        | \$   | \$           | \$      |
| United States Dollar - Long                                 | 8,386,934 | 680,839      | 9,067,773 | 838,693  | 68,084       | 906,777 |
| United States Dollar - Short                                | 176,063   | (22,825)     | 153,238   | 17,606   | (2,283)      | 15,323  |
| Total   | 8,562,997 | 658,014      | 9,221,011 | 856,299  | 65,801       | 922,100 |
| % of net assets attributable to holders of redeemable units | 13.8%     | 1.1%         | 14.8%     | 1.4%   | 0.1%         | 1.5%    |

#### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

| Term to Maturity   | Total Exposure       |                      |
|--|----------------------|----------------------|
|  | June 30, 2017        | December 31, 2016    |
| Less than 1 year   | \$ 1,546,746         | \$ -                 |
| 1-3 years  | 10,073,318           | 12,183,317           |
| 3-5 years  | 41,837,630           | 16,653,341           |
| Greater than 5 years   | 44,780,819           | 19,516,765           |
| <b>Total</b>   | <b>\$ 98,238,513</b> | <b>\$ 48,353,423</b> |
| Sensitivity:   |                      |                      |
| Total \$ sensitivity to net assets attributable to holders of redeemable units | +/- \$ 5,332,004     | +/- \$ 2,558,502     |
| Total % sensitivity to net assets attributable to holders of redeemable units  | 4.6%                 | 4.1%                 |

### (c) Price Risk

The Fund's policy is to manage price risk through pursuit of a diversified investment program that focuses on investment-grade fixed income securities while utilizing other assets such as options and credit default swaps, to extract relative value and to manage credit exposure.

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold, not yet purchased, at prices which may be significantly higher than the fair value reflected on the financial statements.

As at June 30, 2017, if the Fund's relevant benchmark index, FTSE TMX Canada Universe Bond Index, had increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by \$347,075 (December 31, 2016: \$217,660).

### 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 Fund's concentration risk as of June 30, 2017 and December 31, 2016:

| Market Segment  | % of net assets attributable to holders of redeemable units |                   |
|-----------------|---|-------------------|
|                 | June 30, 2017   | December 31, 2016 |
|                 | %   | %                 |
| Corporate Bonds | 83.1  | 77.8              |
| Energy          | 2.0   | 4.2               |
| Federal Bonds   | 1.9   | -                 |
| Financials      | 5.4   | 7.4               |
| Funds           | -   | 2.7               |
| Derivatives     | 1.2   | 0.9               |
| <b>Total</b>    | <b>93.6</b>   | <b>93.0</b>       |

### FAIR VALUE MEASUREMENT

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

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

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

| June 30, 2017                | Level 1          | Level 2           | Level 3  | Total              |
|------------------------------|------------------|-------------------|----------|--------------------|
|                              | \$               | \$                | \$       | \$                 |
| <b>Financial assets</b>      |                  |                   |          |                    |
| Equities                     | 8,595,635        | -                 | -        | 8,595,635          |
| Fixed income                 | -                | 98,238,513        | -        | 98,238,513         |
| Funds                        | -                | -                 | -        | -                  |
| Derivatives                  | 779,222          | 882,640           | -        | 1,661,862          |
| <b>Total</b>                 | <b>9,374,857</b> | <b>99,121,153</b> | <b>-</b> | <b>108,496,010</b> |
| <b>Financial liabilities</b> |                  |                   |          |                    |
| Derivatives                  | (45,671)         | (86,266)          | -        | (131,937)          |
| <b>Total</b>                 | <b>(45,671)</b>  | <b>(86,266)</b>   | <b>-</b> | <b>(131,937)</b>   |

| December 31, 2016            | Level 1          | Level 2           | Level 3  | Total             |
|------------------------------|------------------|-------------------|----------|-------------------|
|                              | \$               | \$                | \$       | \$                |
| <b>Financial assets</b>      |                  |                   |          |                   |
| Equities                     | 7,228,206        | -                 | -        | 7,228,206         |
| Fixed income                 | -                | 48,353,423        | -        | 48,353,423        |
| Derivatives                  | 388,631          | 464,003           | -        | 852,634           |
| <b>Total</b>                 | <b>9,318,137</b> | <b>48,817,426</b> | <b>-</b> | <b>58,135,563</b> |
| <b>Financial liabilities</b> |                  |                   |          |                   |
| Derivatives                  | (134,838)        | (153,188)         | -        | (288,026)         |
| <b>Total</b>                 | <b>(134,838)</b> | <b>(153,188)</b>  | <b>-</b> | <b>(288,026)</b>  |

All fair value measurements above are recurring. The carrying values of all of the Fund'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 Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the finance department. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

### a) Equities and Funds

The Fund's equity positions and investments in funds are classified as level 1 as the securities are actively traded on a recognized exchange and a quoted price is available.

### b) Bonds

The Fund's bond holdings are comprised of Canadian and US bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

### c) Derivatives

Derivative assets and liabilities consist of futures contracts, options, interest rate swaps, credit default swaps and forward currency contracts. Long and short futures contracts and options are exchange traded and are classified as Level 1 as they are actively traded on a recognized exchange and a quoted price is available. Interest rate swaps are valued using indicative bid/ask prices from third party broker dealers while credit default swaps are valued based upon quotations from independent security pricing sources. The inputs

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

that are significant to valuation are generally observable and therefore both interest rate swaps and credit default swaps have been classified as Level 2. Forward currency contracts are valued based primarily on the contract notional amount and the difference between the contract rate and the forward market rate for the same currency, adjusted for counterparty risk. Forward currency contracts are classified as Level 2.

As at June 30, 2017 and December 31, 2016, the Fund 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 December 31, 2016.

### 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)<br>\$ | Net change in unrealized gains / (losses)<br>\$ | Interest income<br>\$ | Interest expense<br>\$ | Dividend income<br>\$ | Dividend expense<br>\$ | Securities Lending Income<br>\$ | Total<br>\$      |
|---------------------------------|-------------------------------------|---|-----------------------|------------------------|-----------------------|------------------------|---------------------------------|------------------|
| Financial assets at FVTPL:      |                                     |   |                       |                        |                       |                        |                                 |                  |
| Designated as FVTPL             | 1,754,383                           | (1,206,322)                                     | 1,525,729             | -                      | 124,880               | -                      | 684                             | 2,199,354        |
| HFT                             | 231,022                             | -   | -                     | -                      | -                     | -                      | -                               | 231,022          |
|                                 | 1,985,405                           | (1,206,322)                                     | 1,525,729             | -                      | 124,880               | -                      | 684                             | 2,430,376        |
| Financial liabilities at FVTPL: |                                     |   |                       |                        |                       |                        |                                 |                  |
| HFT                             | (530,237)                           | 948,656   | (9,965)               | (133,407)              | -                     | -                      | -                               | 275,047          |
| <b>Total</b>                    | <b>1,455,168</b>                    | <b>(257,666)</b>                                | <b>1,515,764</b>      | <b>(133,407)</b>       | <b>124,880</b>        | <b>-</b>               | <b>684</b>                      | <b>2,705,423</b> |

| June 30, 2016                   | Net realized gains / (losses)<br>\$ | Net change in unrealized gains / (losses)<br>\$ | Interest income<br>\$ | Interest expense<br>\$ | Dividend income<br>\$ | Dividend expense<br>\$ | Total<br>\$      |
|---------------------------------|-------------------------------------|---|-----------------------|------------------------|-----------------------|------------------------|------------------|
| Financial assets at FVTPL:      |                                     |   |                       |                        |                       |                        |                  |
| Designated as FVTPL             | 63,482                              | (210,282)                                       | 948,683               | -                      | 95,546                | -                      | 897,429          |
|                                 | 63,482                              | (210,282)                                       | 948,683               | -                      | 95,546                | -                      | 897,429          |
| Financial liabilities at FVTPL: |                                     |   |                       |                        |                       |                        |                  |
| HFT                             | (247,229)                           | 1,133,563                                       | -                     | -                      | -                     | (32,830)               | 853,504          |
| <b>Total</b>                    | <b>(183,747)</b>                    | <b>923,281</b>                                  | <b>948,683</b>        | <b>-</b>               | <b>95,546</b>         | <b>(32,830)</b>        | <b>1,750,933</b> |



# EXEMPLAR LEADERS FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <b>ASSETS</b>   |                           |                               |
| <b>Current assets</b>   |                           |                               |
| Financial assets designated at fair value through profit and loss | \$36,274,461              | \$35,875,448                  |
| Financial assets held for trading                                 |                           |                               |
| Warrants at fair value  | 183,998                   | 93,949                        |
| Cash  | 953,722                   | 1,455,785                     |
| Margin deposits   | 383,045                   | 942,351                       |
| Accrued dividends receivable                                      | 82,902                    | 77,498                        |
| Receivable for securities sold                                    | 111,220                   | 33,029                        |
| Receivable for redeemable units issued                            | 101,069                   | 2,598                         |
|   | 38,090,417                | 38,480,658                    |
| <b>LIABILITIES</b>  |                           |                               |
| <b>Current liabilities</b>  |                           |                               |
| Financial liabilities held for trading                            |                           |                               |
| Investments sold short  | 93,787                    | 717,277                       |
| Payable for securities purchased                                  | 127,821                   | 397,560                       |
| Payable for redeemable units redeemed                             | 17,286                    | 47,264                        |
| Other liabilities (Note 11)                                       | 73,524                    | 76,930                        |
|   | 312,418                   | 1,239,031                     |
| <b>Net assets attributable to holders of redeemable units</b>     | <b>\$37,777,999</b>       | <b>\$37,241,627</b>           |
| Net assets attributable to holders of redeemable units            |                           |                               |
| Series A  | \$27,701,537              | \$27,576,099                  |
| Series F  | \$10,076,462              | \$9,665,528                   |
| Number of redeemable units outstanding (Note 8)                   |                           |                               |
| Series A  | 656,142                   | 680,983                       |
| Series F  | 232,852                   | 234,046                       |
| Net assets attributable to holders of redeemable units per unit   |                           |                               |
| Series A  | \$42.22                   | \$40.49                       |
| Series F  | \$43.27                   | \$41.30                       |

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

"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 LEADERS FUND

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

|   | 2017<br>\$       | 2016<br>\$     |
|---|------------------|----------------|
| <b>INCOME</b>   |                  |                |
| Net gains on investments and derivatives  |                  |                |
| Dividend income   | 480,565          | 527,048        |
| Dividend expense on short sales   | -                | (4,825)        |
| Securities lending income (net) (Note 10)   | 24,852           | -              |
| Net realized gain (loss) on investments and derivatives   | 822,950          | 1,088,028      |
| Net change in unrealized appreciation (depreciation) in value of investments and derivatives            | 843,827          | (1,024,238)    |
| Net gains on investments and derivatives  | 2,172,194        | 586,013        |
| Other income items:   |                  |                |
| Interest on cash  | 1,142            | 1,812          |
| Foreign exchange gain (loss)  | (15,719)         | 11,083         |
| Net change in unrealized foreign exchange gain (loss)   | (39,416)         | (116,558)      |
| <b>Total income (net)</b>   | <b>2,118,201</b> | <b>482,350</b> |
| <b>EXPENSES</b>   |                  |                |
| Securityholder reporting fees   | 96,413           | 80,722         |
| Management fees (Note 11)   | 288,029          | 271,800        |
| Performance fees (Note 11)  | 3,302            | -              |
| Interest expense  | -                | 41             |
| Audit fees  | 9,395            | 9,738          |
| Legal fees  | 893              | 4,879          |
| Independent Review Committee fees   | 2,715            | 2,300          |
| Custodial fees  | 9,316            | 7,442          |
| Security borrowing expenses   | 5,382            | 21,692         |
| Commissions and other portfolio transaction costs (Note 11)   | 18,411           | 12,548         |
| Withholding tax expense   | 21,982           | 19,985         |
| Harmonized sales tax  | 33,439           | 31,376         |
| <b>Total expenses</b>   | <b>489,277</b>   | <b>462,523</b> |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b>                    | <b>1,628,924</b> | <b>19,827</b>  |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>          |                  |                |
| Series A  | 1,165,967        | (52,244)       |
| Series F  | 462,957          | 72,071         |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b> |                  |                |
| Series A  | 1.75             | (0.07)         |
| Series F  | 1.98             | 0.32           |

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

# EXEMPLAR LEADERS FUND

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

|  |          | 2017               | 2016               |
|--|----------|--------------------|--------------------|
|  |          | \$                 | \$                 |
| <b>Net assets attributable to holders of redeemable units at beginning of period</b>     |          |                    |                    |
|  | Series A | 27,576,099         | 28,508,038         |
|  | Series F | 9,665,528          | 8,851,024          |
|  |          | <u>37,241,627</u>  | <u>37,359,062</u>  |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b>     |          |                    |                    |
|  | Series A | 1,165,967          | (52,244)           |
|  | Series F | 462,957            | 72,071             |
|  |          | <u>1,628,924</u>   | <u>19,827</u>      |
| <b>Redeemable unit transactions</b>  |          |                    |                    |
| Proceeds from redeemable units issued  | Series A | 936,963            | 490,319            |
|  | Series F | 430,878            | 315,906            |
| Redemption of redeemable units   | Series A | (1,977,492)        | (2,486,965)        |
|  | Series F | (482,901)          | (306,085)          |
| <b>Net increase (decrease) from redeemable unit transactions</b>                         |          | <u>(1,092,552)</u> | <u>(1,986,825)</u> |
| <b>Net increase (decrease) in net assets attributable to holders of redeemable units</b> |          | <u>536,372</u>     | <u>(1,966,998)</u> |
| <b>Net assets attributable to holders of redeemable units at end of period</b>           |          |                    |                    |
|  | Series A | 27,701,537         | 26,459,148         |
|  | Series F | 10,076,462         | 8,932,916          |
|  |          | <u>37,777,999</u>  | <u>35,392,064</u>  |

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

# EXEMPLAR LEADERS FUND

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

|  | 2017<br>\$  | 2016<br>\$<br>(Note 3) |
|--|-------------|------------------------|
| <b>Cash flows from (used in) operating activities</b>  |             |                        |
| Increase (decrease) in net assets attributable to holders of redeemable units                | 1,628,924   | 19,827                 |
| Adjustment for:  |             |                        |
| Net change in unrealized foreign exchange (gain) loss on cash                                | (39,342)    | 18,208                 |
| Net realized (gain) loss on investments and derivatives                                      | (822,950)   | (1,088,028)            |
| Net change in unrealized (appreciation) depreciation in value of investments and derivatives | (843,827)   | 1,024,238              |
| Purchase of investments  | (9,354,259) | (8,932,447)            |
| Proceeds on sale of investments  | 9,560,554   | 10,862,919             |
| Decrease (increase) in accrued dividends receivable  | (5,404)     | 10,425                 |
| Increase (decrease) in accrued dividends payable   | -           | (3,289)                |
| Increase (decrease) in other liabilities   | (3,406)     | 32,433                 |
| Decrease (increase) in margin deposits   | 559,306     | (622)                  |
| <b>Net cash from (used in) operating activities</b>  | 679,596     | 1,943,664              |
| <b>Cash flows from (used in) financing activities</b>  |             |                        |
| Proceeds from redeemable units issued  | 1,093,430   | 709,565                |
| Redemption of redeemable units   | (2,314,431) | (2,789,439)            |
| <b>Net cash from (used in) financing activities</b>  | (1,221,001) | (2,079,874)            |
| <b>Net Increase (decrease) in cash</b>   | (541,405)   | (136,210)              |
| <b>Cash at beginning of the period</b>   | 1,455,785   | 1,708,963              |
| Net change in unrealized foreign exchange gain (loss) on cash                                | 39,342      | (18,208)               |
| <b>Cash at end of the period</b>   | 953,722     | 1,554,545              |
| <b>Supplemental information:</b>   |             |                        |
| Interest received*   | 1,142       | 1,812                  |
| Dividends received, net of withholding tax*  | 453,179     | 517,488                |
| Interest paid*   | -           | (41)                   |
| Dividends paid*  | -           | (8,114)                |

\*Included as part of cash flows from operating activities

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

# EXEMPLAR LEADERS FUND

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

| Equity Positions - Long                     |          | 91.5%        |          |                    |                  |
|---|----------|--------------|----------|--------------------|------------------|
| Security Name                               | Currency |              | Quantity | Average Cost<br>\$ | Fair Value<br>\$ |
| <b>Consumer Discretionary</b>               |          | <b>8.5%</b>  |          |                    |                  |
| Enercare Inc.                               | CAD      |              | 28,200   | 430,530            | 556,104          |
| Magna International Inc.                    | CAD      |              | 22,400   | 563,889            | 1,345,568        |
| Martinrea International Inc.                | CAD      |              | 45,600   | 394,615            | 482,904          |
| Sleep Country Canada Holdings Inc.          | CAD      |              | 20,400   | 344,585            | 839,460          |
|   |          |              |          | <u>1,733,619</u>   | <u>3,224,036</u> |
| <b>Consumer Staples</b>                     |          | <b>0.4%</b>  |          |                    |                  |
| Neptune Technologies & Bioresources Inc.    | CAD      |              | 123,400  | 282,144            | 135,740          |
| <b>Energy</b>                               |          | <b>17.3%</b> |          |                    |                  |
| AltaGas Ltd., Subscription Receipts         | CAD      |              | 12,300   | 381,300            | 362,727          |
| Cameco Corporation                          | CAD      |              | 17,800   | 236,693            | 210,218          |
| Freehold Royalties Ltd.                     | CAD      |              | 164,400  | 2,216,810          | 2,145,420        |
| Gear Energy Ltd.                            | CAD      |              | 6,400    | 4,692              | 4,736            |
| Gran Tierra Energy Inc.                     | CAD      |              | 16,100   | 54,280             | 46,368           |
| Granite Oil Corp.                           | CAD      |              | 24,100   | 110,523            | 111,583          |
| High Arctic Energy Services Inc.            | CAD      |              | 13,700   | 65,503             | 58,773           |
| Inter Pipeline Ltd.                         | CAD      |              | 15,600   | 417,300            | 396,240          |
| International Frontier Resources Corp.      | CAD      |              | 192,000  | 53,760             | 47,706           |
| Kinder Morgan Canada Limited, Restricted    | CAD      |              | 29,200   | 496,400            | 462,236          |
| Painted Pony Energy Ltd.                    | CAD      |              | 57,700   | 323,120            | 272,921          |
| Parkland Fuel Corp.                         | CAD      |              | 600      | 16,620             | 17,338           |
| Pembina Pipeline Corporation                | CAD      |              | 9,900    | 300,377            | 425,205          |
| PentaNova Energy Corp.                      | CAD      |              | 380,000  | 190,000            | 190,000          |
| Peyto Exploration & Development Corp.       | CAD      |              | 2,300    | 64,382             | 54,096           |
| Prairie Provident Resources Inc.            | CAD      |              | 91,600   | 61,372             | 45,800           |
| PrairieSky Royalty Ltd.                     | CAD      |              | 10,300   | 321,292            | 304,159          |
| Razor Energy Corp.                          | CAD      |              | 131,800  | 393,629            | 282,711          |
| Source Energy Services Ltd.                 | CAD      |              | 26,200   | 245,501            | 209,862          |
| TAG Oil Ltd.                                | CAD      |              | 173,500  | 111,129            | 104,100          |
| Tidewater Midstream and Infrastructure Ltd. | CAD      |              | 109,500  | 169,037            | 143,445          |
| TransCanada Corporation                     | CAD      |              | 6,300    | 360,535            | 389,466          |
| Valeura Energy Inc.                         | CAD      |              | 98,900   | 74,175             | 69,230           |
| ZCL Composites Inc.                         | CAD      |              | 13,600   | 55,209             | 177,072          |
|   |          |              |          | <u>6,723,639</u>   | <u>6,531,412</u> |
| <b>Financials</b>                           |          | <b>12.7%</b> |          |                    |                  |
| Alaris Royalty Corp.                        | CAD      |              | 78,500   | 1,542,788          | 1,807,855        |
| ECN Capital Corp.                           | CAD      |              | 106,200  | 319,286            | 424,800          |
| Element Fleet Management Corp.              | CAD      |              | 146,000  | 1,401,621          | 1,299,400        |
| Franklin Resources, Inc.                    | USD      |              | 900      | 49,110             | 52,275           |
| Legg Mason, Inc.                            | USD      |              | 17,500   | 683,144            | 866,003          |
| Santander Consumer USA Holdings Inc.        | USD      |              | 12,900   | 225,802            | 213,458          |
| The Westaim Corporation                     | CAD      |              | 35,600   | 97,651             | 112,852          |
|   |          |              |          | <u>4,319,402</u>   | <u>4,776,643</u> |

# EXEMPLAR LEADERS FUND

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

| Equity Positions - Long                      |          | 91.5%        |          |                    |                  |
|--|----------|--------------|----------|--------------------|------------------|
| Security Name                                | Currency |              | Quantity | Average Cost<br>\$ | Fair Value<br>\$ |
| <b>Health Care</b>                           |          | <b>12.2%</b> |          |                    |                  |
| Acasti Pharma Inc., Class A                  | CAD      |              | 141,000  | 204,450            | 242,520          |
| Anthem, Inc.                                 | USD      |              | 9,400    | 1,077,197          | 2,293,290        |
| Assure Holdings Corp., Subscription Receipts | CAD      |              | 54,100   | 27,050             | 135,250          |
| CVR Medical Corp.                            | CAD      |              | 138,000  | 66,240             | 42,442           |
| Gilead Sciences, Inc.                        | USD      |              | 12,700   | 1,126,939          | 1,165,701        |
| Immunovaccine Inc.                           | CAD      |              | 96,300   | 52,965             | 114,597          |
| RepliCel Life Sciences Inc.                  | CAD      |              | 64,000   | 80,000             | 37,120           |
| Theratechnologies Inc.                       | CAD      |              | 67,800   | 210,180            | 581,724          |
|  |          |              |          | <u>2,845,021</u>   | <u>4,612,644</u> |
| <b>Industrials</b>                           |          | <b>8.6%</b>  |          |                    |                  |
| CanWel Building Materials Group Ltd.         | CAD      |              | 48,500   | 222,070            | 318,160          |
| DIRTT Environmental Solutions Ltd.           | CAD      |              | 39,800   | 226,862            | 272,630          |
| FLYHT Aerospace Solutions Ltd.               | CAD      |              | 436,000  | 65,400             | 98,100           |
| Grande West Transportation Group Inc.        | CAD      |              | 12,000   | 22,800             | 32,342           |
| Hexcel Corporation                           | USD      |              | 14,000   | 770,160            | 958,413          |
| United Parcel Service, Inc.                  | USD      |              | 8,900    | 1,126,648          | 1,276,377        |
| WestJet Airlines Ltd., Variable Voting       | CAD      |              | 13,100   | 245,271            | 303,265          |
|  |          |              |          | <u>2,679,211</u>   | <u>3,259,287</u> |
| <b>Information Technology</b>                |          | <b>15.9%</b> |          |                    |                  |
| AcuityAds Holding Inc.                       | CAD      |              | 24,300   | 82,620             | 98,190           |
| AcuityAds Holding Inc.                       | CAD      |              | 9,300    | 32,550             | 38,130           |
| Alphabet Inc.                                | USD      |              | 200      | 197,934            | 241,122          |
| BSM Technologies Inc.                        | CAD      |              | 224,200  | 150,616            | 356,478          |
| Cisco Systems, Inc.                          | USD      |              | 14,800   | 553,350            | 600,730          |
| Cortex Business Solutions Inc.               | CAD      |              | 11,400   | 46,778             | 45,942           |
| The Descartes Systems Group Inc.             | CAD      |              | 2,300    | 34,182             | 72,565           |
| Espial Group Inc.                            | CAD      |              | 211,100  | 198,785            | 496,085          |
| Immersion Corporation                        | USD      |              | 19,100   | 212,668            | 224,901          |
| Kinaxis Inc.                                 | CAD      |              | 3,700    | 52,560             | 298,738          |
| Microsoft Corporation                        | USD      |              | 19,500   | 776,897            | 1,743,074        |
| Nanotech Security Corp.                      | CAD      |              | 98,000   | 112,700            | 112,564          |
| Opsens Inc.                                  | CAD      |              | 262,400  | 222,523            | 380,480          |
| Pioneering Technology Corp.                  | CAD      |              | 66,000   | 72,600             | 69,725           |
| Pivot Technology Solutions, Inc.             | CAD      |              | 16,100   | 34,102             | 39,767           |
| Points International Ltd.                    | CAD      |              | 6,800    | 69,455             | 79,696           |
| Quarterhill Inc.                             | CAD      |              | 164,800  | 416,947            | 308,176          |
| Real Matters Inc.                            | CAD      |              | 400      | 5,200              | 4,260            |
| Sandvine Corporation                         | CAD      |              | 37,900   | 115,933            | 162,591          |
| Sierra Wireless, Inc.                        | CAD      |              | 10,800   | 269,226            | 393,336          |
| TECSYS Inc.                                  | CAD      |              | 4,600    | 47,361             | 67,160           |
| TrackX Holdings Inc.                         | CAD      |              | 176,000  | 66,880             | 58,644           |
| VersaPay Corporation                         | CAD      |              | 90,900   | 100,404            | 127,715          |
|  |          |              |          | <u>3,872,271</u>   | <u>6,020,069</u> |

# EXEMPLAR LEADERS FUND

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

| Equity Positions - Long                   |          | 91.5%         |           |                    |                   |
|---|----------|---------------|-----------|--------------------|-------------------|
| Security Name                             | Currency |               | Quantity  | Average Cost<br>\$ | Fair Value<br>\$  |
| <b>Materials</b>                          |          | <b>4.1%</b>   |           |                    |                   |
| AuRico Metals Inc.                        | CAD      |               | 2,900     | 2,818              | 3,306             |
| Canada Zinc Metals Corp.                  | CAD      |               | 120,800   | 48,320             | 28,992            |
| Horizonte Minerals PLC                    | CAD      |               | 1,900,000 | 61,940             | 76,000            |
| Hudson Resources Inc.                     | CAD      |               | 5,600     | 1,960              | 2,436             |
| Lithium Americas Corp.                    | CAD      |               | 96,700    | 71,521             | 84,129            |
| LSC Lithium Corporation                   | CAD      |               | 289,700   | 376,610            | 359,228           |
| Osisko Gold Royalties Ltd                 | CAD      |               | 25,500    | 384,347            | 404,175           |
| Superior Gold Inc.                        | CAD      |               | 12,300    | 12,300             | 12,300            |
| U.S. Concrete, Inc.                       | USD      |               | 5,800     | 408,724            | 590,809           |
|   |          |               |           | <u>1,368,540</u>   | <u>1,561,375</u>  |
| <b>Real Estate</b>                        |          | <b>5.9%</b>   |           |                    |                   |
| American Hotel Income Properties REIT LP  | CAD      |               | 34,000    | 341,360            | 338,640           |
| Cominar Real Estate Investment Trust      | CAD      |               | 2,100     | 30,911             | 26,691            |
| Inovalis Real Estate Investment Trust     | CAD      |               | 62,800    | 507,082            | 634,280           |
| National Storage Affiliates Trust         | USD      |               | 4,500     | 120,874            | 134,861           |
| Pure Multi-Family REIT LP, Class A        | CAD      |               | 70,800    | 547,325            | 615,960           |
| Slate Retail REIT, Class U                | CAD      |               | 11,400    | 166,167            | 155,610           |
| Tricon Capital Group Inc.                 | CAD      |               | 29,200    | 212,323            | 339,304           |
|   |          |               |           | <u>1,926,042</u>   | <u>2,245,346</u>  |
| <b>Telecommunication Services</b>         |          | <b>1.5%</b>   |           |                    |                   |
| Verizon Communications Inc.               | USD      |               | 9,600     | 532,591            | 555,985           |
| <b>Utilities</b>                          |          | <b>4.4%</b>   |           |                    |                   |
| National Fuel Gas Company                 | USD      |               | 5,700     | 368,389            | 412,756           |
| Polaris Infrastructure Inc.               | CAD      |               | 72,000    | 586,836            | 1,230,480         |
|   |          |               |           | <u>955,225</u>     | <u>1,643,236</u>  |
|   |          |               |           | <u>27,237,705</u>  | <u>34,565,773</u> |
| Equity Positions - Short                  |          | (0.2%)        |           |                    |                   |
| Security Name                             | Currency |               | Quantity  | Proceeds<br>\$     | Fair Value<br>\$  |
| <b>Consumer Discretionary</b>             |          | <b>(0.2%)</b> |           |                    |                   |
| Tesla Inc.                                | USD      |               | (200)     | (54,522)           | (93,787)          |
| Funds - Long                              |          | 4.5%          |           |                    |                   |
| Security Name                             | Currency |               | Quantity  | Average Cost<br>\$ | Fair Value<br>\$  |
| Boyd Group Income Fund                    | CAD      |               | 10,100    | 223,104            | 971,115           |
| Crius Energy Trust                        | CAD      |               | 44,500    | 370,770            | 461,465           |
| Crius Energy Trust, Subscription Receipts | CAD      |               | 20,000    | 196,000            | 205,800           |
| Noranda Income Fund                       | CAD      |               | 55,800    | 202,466            | 70,308            |
|   |          |               |           | <u>992,340</u>     | <u>1,708,688</u>  |

# EXEMPLAR LEADERS FUND

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

| Warrant Positions - Long         |          | 0.5%         |               |          |               |                |    |
|----------------------------------|----------|--------------|---------------|----------|---------------|----------------|----|
| Security Name                    | Currency | Strike Price | Maturity Date | Quantity | Average Cost  | Fair Value     |    |
|                                  |          | \$           |               |          | \$            | \$             | \$ |
| Acasti Pharma Inc.               | CAD      | 1.50         | 03-12-18      | 205,000  | -             | -              |    |
| Acasti Pharma Inc.               | CAD      | 2.15         | 02-21-22      | 70,500   | -             | 54,016         |    |
| Canada Zinc Metals Corp.         | CAD      | 0.55         | 12-15-18      | 64,500   | -             | -              |    |
| Ceapro Inc.                      | CAD      | 1.50         | 07-13-18      | 24,100   | -             | 706            |    |
| Eguana Technologies Inc.         | CAD      | 0.39         | 12-22-19      | 84,000   | -             | 3,526          |    |
| FLYHT Aerospace Solutions Ltd.   | CAD      | 0.25         | 05-20-18      | 218,000  | -             | 4,401          |    |
| Hudson Resources Inc.            | CAD      | 0.50         | 02-16-20      | 91,500   | -             | 12,615         |    |
| Immunovaccine Inc.               | CAD      | 0.72         | 06-08-18      | 59,000   | -             | 28,789         |    |
| Imperus Technologies Corp.       | CAD      | 0.55         | 01-28-18      | 72,000   | -             | -              |    |
| Nemaska Lithium Inc.             | CAD      | 1.50         | 07-08-19      | 24,100   | 6,025         | 7,471          |    |
| Pioneering Technology Corp.      | CAD      | 1.80         | 03-22-19      | 33,000   | -             | 2,632          |    |
| Prairie Provident Resources Inc. | CAD      | 0.87         | 03-16-19      | 49,000   | -             | 4,043          |    |
| Primerio Mining Corp.            | CAD      | 3.32         | 06-25-18      | 13,000   | 2,600         | 260            |    |
| Prometic Life Sciences Inc.      | CAD      | 6.39         | 09-23-19      | 100,000  | 12,000        | -              |    |
| Razor Energy Corp.               | CAD      | 3.50         | 05-24-18      | 65,000   | -             | 3,096          |    |
| RepliCel Life Sciences Inc.      | CAD      | 2.00         | 02-24-20      | 64,000   | -             | -              |    |
| Royal Nickel Corp.               | CAD      | 0.50         | 09-23-18      | 81,000   | -             | -              |    |
| TAG Oil Ltd.                     | CAD      | 0.90         | 03-20-19      | 96,000   | 192           | 7,200          |    |
| Theralase Technologies Inc.      | CAD      | 0.38         | 11-10-21      | 258,000  | 2,580         | 47,298         |    |
| Titan Medical Inc.               | CAD      | 0.75         | 09-20-21      | 195,000  | 9,750         | 4,875          |    |
| Titan Medical Inc.               | CAD      | 0.40         | 03-16-19      | 32,500   | -             | -              |    |
| TrackX Holdings Inc.             | CAD      | 0.55         | 05-10-19      | 88,000   | -             | 3,070          |    |
|                                  |          |              |               |          | <u>33,147</u> | <u>183,998</u> |    |

| Investment Portfolio Summary |              | Average Cost / (Proceeds) | Fair Value        |
|------------------------------|--------------|---------------------------|-------------------|
|                              | %            | \$                        | \$                |
| Equity Positions - Long      | 91.5         | 27,237,705                | 34,565,773        |
| Equity Positions - Short     | (0.2)        | (54,522)                  | (93,787)          |
| Funds - Long                 | 4.5          | 992,340                   | 1,708,688         |
| Warrant Positions - Long     | 0.5          | 33,147                    | 183,998           |
| Total Investments            | <u>96.3</u>  | <u>28,208,670</u>         | <u>36,364,672</u> |
| Total Other Net Assets       | <u>3.7</u>   | <u>-</u>                  | <u>1,413,327</u>  |
| Total Net Assets             | <u>100.0</u> | <u>28,208,670</u>         | <u>37,777,999</u> |



# EXEMPLAR LEADERS FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (UNAUDITED)

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The investment objective of the Exemplar Leaders Fund is to maximize absolute returns on investments through securities selection and asset allocation. The Fund focuses on achieving growth of capital through superior securities selection and pursues a long-term investment program with the aim of generating capital gains. The Fund attempts to reduce volatility through diversifying the portfolio across both economic sectors and market capitalizations (company size and liquidity). The Fund invests primarily in equity and equity-related securities of North American companies. The Fund may also invest in international companies.

### RISK MANAGEMENT

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

The management of these risks is carried out by the Manager in accordance with Fund's Declaration of Trust.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

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

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, 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 Fund 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 Aa3.

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 Fund. Therefore, the Fund 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 Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund'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 Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund'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: Aa3).

The Fund is 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 Fund's liabilities are typically due in less than 3 months except for performance fees which are accrued daily and payable annually on December 31 (if applicable). Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

# EXEMPLAR LEADERS FUND

## NOTES TO THE 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 units 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 Fund'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 units if the Canadian dollar had strengthened or weakened by 10% in relation to foreign currencies, with all other variables held constant. Non-monetary items include equities, funds and warrants. Monetary items include cash and other current receivables and payables.

| June 30, 2017   | Exposure |              |            | Impact on net assets attributable to holders of redeemable units |              |           |
|---|----------|--------------|------------|--|--------------|-----------|
|   | Monetary | Non-Monetary | Total      | Monetary   | Non-Monetary | Total     |
| Currency  | \$       | \$           | \$         | \$   | \$           | \$        |
| United States Dollar - Long                                 | 756,487  | 11,338,363   | 12,094,850 | 75,649   | 1,133,836    | 1,209,485 |
| United States Dollar - Short                                | (48,100) | (93,787)     | (141,887)  | (4,810)  | (9,379)      | (14,189)  |
| Total   | 708,387  | 11,244,576   | 11,952,963 | 70,839   | 1,124,457    | 1,195,296 |
| % of net assets attributable to holders of redeemable units | 1.9%     | 29.8%        | 31.6%      | 0.2%   | 3.0%         | 3.2%      |

| 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                                 | 1,764,380 | 12,582,581   | 14,346,961 | 176,438   | 1,258,258    | 1,434,696 |
| United States Dollar - Short                                | -         | (717,277)    | (717,277)  | -   | (71,728)     | (71,728)  |
| Total   | 1,764,380 | 11,865,304   | 13,629,684 | 176,438   | 1,186,530    | 1,362,968 |
| % of net assets attributable to holders of redeemable units | 4.7%      | 31.9%        | 36.6%      | 0.5%  | 3.2%         | 3.7%      |

#### (b) Interest Rate Risk

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

#### (c) Price Risk

The Fund'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.

To achieve the investment objective of the Fund, the Manager: (i) makes long term investments of securities of issuers which the Manager believes present the greatest opportunity for capital appreciation; and (ii) manages the portfolio's sector allocation, increasing and decreasing exposure to different sectors of the market as appropriate.

As at June 30, 2017, the impact on net assets of the Fund due to a 5% change in market prices of equity and fund securities is \$1,818,234 (all other variables held constant)(2016: \$1,762,606).

The Fund has the ability to take short positions, in total not exceeding 20% of the Net Asset Value of the Fund. Until the Fund 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.

# EXEMPLAR LEADERS FUND

## NOTES TO THE 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 Fund's concentration risk:

| Market Segment             | % of net assets attributable to holders of redeemable units |              |                   |              |
|----------------------------|---|--------------|-------------------|--------------|
|                            | June 30, 2017   |              | December 31, 2016 |              |
|                            | Long<br>%   | Short<br>%   | Long<br>%         | Short<br>%   |
| Consumer Discretionary     | 8.5   | (0.2)        | 8.7               | (1.9)        |
| Consumer Staples           | 0.4   | -            | 0.9               | -            |
| Energy                     | 17.3  | -            | 13.4              | -            |
| Financials                 | 12.7  | -            | 12.2              | -            |
| Funds                      | 4.5   | -            | 3.0               | -            |
| Health Care                | 12.2  | -            | 14.1              | -            |
| Industrials                | 8.6   | -            | 11.2              | -            |
| Information Technology     | 15.9  | -            | 16.2              | -            |
| Materials                  | 4.1   | -            | 4.6               | -            |
| Real Estate                | 5.9   | -            | 5.1               | -            |
| Telecommunication Services | 1.5   | -            | 1.8               | -            |
| Utilities                  | 4.4   | -            | 5.1               | -            |
| Derivatives                | 0.5   | -            | 0.3               | -            |
| <b>Total</b>               | <b>96.5</b>   | <b>(0.2)</b> | <b>96.6</b>       | <b>(1.9)</b> |

### FAIR VALUE MEASUREMENT

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

The following table illustrates the classification of the Fund'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<br>\$     | Level 2<br>\$  | Level 3<br>\$ | Total<br>\$       |
|------------------------------|-------------------|----------------|---------------|-------------------|
| <b>Financial assets</b>      |                   |                |               |                   |
| Equities                     | 34,086,822        | 478,951        | -             | 34,565,773        |
| Funds                        | 1,708,688         | -              | -             | 1,708,688         |
| Warrants                     | -                 | 183,998        | -             | 183,998           |
| <b>Total</b>                 | <b>35,795,510</b> | <b>662,949</b> | <b>-</b>      | <b>36,458,459</b> |
| <b>Financial liabilities</b> |                   |                |               |                   |
| Equities sold short          | (93,787)          | -              | -             | (93,787)          |
| <b>Total</b>                 | <b>(93,787)</b>   | <b>-</b>       | <b>-</b>      | <b>(93,787)</b>   |
| December 31, 2016            | Level 1<br>\$     | Level 2<br>\$  | Level 3<br>\$ | Total<br>\$       |
| <b>Financial assets</b>      |                   |                |               |                   |
| Equities                     | 34,519,005        | 251,217        | -             | 34,770,222        |
| Funds                        | 1,105,226         | -              | -             | 1,105,226         |
| Warrants                     | 19,163            | 74,786         | -             | 93,949            |
| <b>Total</b>                 | <b>35,643,394</b> | <b>326,003</b> | <b>-</b>      | <b>35,969,397</b> |
| <b>Financial liabilities</b> |                   |                |               |                   |
| Equities sold short          | (717,277)         | -              | -             | (717,277)         |
| <b>Total</b>                 | <b>(717,277)</b>  | <b>-</b>       | <b>-</b>      | <b>(717,277)</b>  |

# EXEMPLAR LEADERS FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (UNAUDITED)

All fair value measurements above are recurring. The carrying values of all of the Fund'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 Fund, 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. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements.

There were no transfers from Level 2 to Level 1 during the period ended June 30, 2017 and December 31, 2016.

### a) Equities and Funds

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

### b) 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. Warrants that have significant unobservable inputs are classified as Level 3.

### 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) | Interest income | Interest expense | Dividend income | Dividend expense | Securities lending income | Total            |
|---------------------------------|-------------------------------|---|-----------------|------------------|-----------------|------------------|---------------------------|------------------|
|                                 | \$                            | \$  | \$              | \$               | \$              | \$               | \$                        | \$               |
| Financial assets at FVTPL:      |                               |   |                 |                  |                 |                  |                           |                  |
| Designated as FVTPL             | 1,104,678                     | 702,410                                   | -               | -                | 480,565         | -                | 24,852                    | 2,312,505        |
| HFT                             | -                             | 131,351                                   | -               | -                | -               | -                | -                         | 131,351          |
|                                 | 1,104,678                     | 833,761                                   | -               | -                | 480,565         | -                | 24,852                    | 2,443,856        |
| Financial liabilities at FVTPL: |                               |   |                 |                  |                 |                  |                           |                  |
| HFT                             | (281,728)                     | 10,066                                    | -               | -                | -               | -                | -                         | (271,662)        |
| <b>Total</b>                    | <b>822,950</b>                | <b>843,827</b>                            | <b>-</b>        | <b>-</b>         | <b>480,565</b>  | <b>-</b>         | <b>24,852</b>             | <b>2,172,194</b> |

| June 30, 2016                   | Net realized gains / (losses) | Net change in unrealized gains / (losses) | Interest income | Interest expense | Dividend income | Dividend expense | Securities lending income | Total          |
|---------------------------------|-------------------------------|---|-----------------|------------------|-----------------|------------------|---------------------------|----------------|
|                                 | \$                            | \$  | \$              | \$               | \$              | \$               | \$                        | \$             |
| Financial assets at FVTPL:      |                               |   |                 |                  |                 |                  |                           |                |
| Designated as FVTPL             | 1,081,486                     | (1,024,843)                               | -               | -                | 527,048         | -                | -                         | 583,691        |
| HFT                             | -                             | 25,667                                    | -               | -                | -               | -                | -                         | 25,667         |
|                                 | 1,081,486                     | (999,176)                                 | -               | -                | 527,048         | -                | -                         | 609,358        |
| Financial liabilities at FVTPL: |                               |   |                 |                  |                 |                  |                           |                |
| HFT                             | 6,542                         | (25,062)                                  | -               | -                | -               | -                | (4,825)                   | (23,345)       |
| <b>Total</b>                    | <b>1,088,028</b>              | <b>(1,024,238)</b>                        | <b>-</b>        | <b>-</b>         | <b>527,048</b>  | <b>-</b>         | <b>(4,825)</b>            | <b>586,013</b> |

# EXEMPLAR PERFORMANCE FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <b>ASSETS</b>   |                           |                               |
| <b>Current assets</b>   |                           |                               |
| Financial assets designated at fair value through profit and loss | \$31,625,293              | \$31,254,792                  |
| Cash  | 6,406,766                 | 7,550,941                     |
| Margin deposits   | 1,598,079                 | 1,637,454                     |
| Accrued dividends receivable                                      | 53,641                    | 49,087                        |
| Receivable for securities sold                                    | 1,040,333                 | 57,455                        |
| Receivable for redeemable units issued                            | 192,344                   | 46,109                        |
|   | 40,916,456                | 40,595,838                    |
| <b>LIABILITIES</b>  |                           |                               |
| <b>Current liabilities</b>  |                           |                               |
| Financial liabilities held for trading                            |                           |                               |
| Investments sold short  | 300,056                   | 343,502                       |
| Payable for securities purchased                                  | 382,906                   | 116,876                       |
| Payable for redeemable units redeemed                             | 148,366                   | 29,492                        |
| Accrued dividends payable   | 621                       | -                             |
| Other liabilities ( <i>Note 11</i> )                              | 96,454                    | 76,429                        |
|   | 928,403                   | 566,299                       |
| <b>Net assets attributable to holders of redeemable units</b>     | <b>\$39,988,053</b>       | <b>\$40,029,539</b>           |
| Net assets attributable to holders of redeemable units            |                           |                               |
| Series A  | \$11,723,464              | \$12,339,997                  |
| Series AD   | \$275,925                 | \$254,875                     |
| Series F  | \$21,995,399              | \$19,431,447                  |
| Series FD   | \$478,496                 | \$401,269                     |
| Series I  | \$5,175                   | \$2,458,712                   |
| Series L  | \$5,176,915               | \$5,051,406                   |
| Series LD   | \$332,679                 | \$91,833                      |

*Continued on next page.*

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

# EXEMPLAR PERFORMANCE FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <i>Continued from previous page.</i>                            |                           |                               |
| Number of redeemable units outstanding (Note 8)                 |                           |                               |
| Series A  | 940,591                   | 1,032,860                     |
| Series AD   | 27,178                    | 25,946                        |
| Series F  | 1,718,474                 | 1,591,950                     |
| Series FD   | 45,210                    | 39,436                        |
| Series I  | 461                       | 227,887                       |
| Series L  | 452,125                   | 459,491                       |
| Series LD   | 32,358                    | 9,179                         |
| Net assets attributable to holders of redeemable units per unit |                           |                               |
| Series A  | \$12.46                   | \$11.95                       |
| Series AD   | \$10.15                   | \$9.82                        |
| Series F  | \$12.80                   | \$12.21                       |
| Series FD   | \$10.58                   | \$10.18                       |
| Series I  | \$11.24                   | \$10.79                       |
| Series L  | \$11.45                   | \$10.99                       |
| Series LD   | \$10.28                   | \$10.00                       |

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

“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 PERFORMANCE FUND

Statements of Comprehensive Income  
For the periods ended June 30,

|   | 2017<br>\$       | 2016<br>\$       |
|---|------------------|------------------|
| <b>INCOME</b>   |                  |                  |
| Net gains (losses) on investments and derivatives   |                  |                  |
| Dividend income   | 323,972          | 152,678          |
| Dividend expense on short sales   | (2,599)          | (9,668)          |
| Securities lending income (net) (Note 10)   | 16,078           | -                |
| Net realized gain (loss) on investments and derivatives   | 220,522          | (146,484)        |
| Net change in unrealized appreciation (depreciation) in value of investments and derivatives            | 1,698,173        | 336,102          |
| Net gains (losses) on investments and derivatives   | 2,256,146        | 332,628          |
| Other income items:   |                  |                  |
| Interest on cash  | 6,480            | 35,878           |
| Foreign exchange gain (loss)  | (11,389)         | (204,250)        |
| Net change in unrealized foreign exchange gain (loss)   | (83,992)         | (34,908)         |
| <b>Total income (net)</b>   | <b>2,167,245</b> | <b>129,348</b>   |
| <b>EXPENSES</b>   |                  |                  |
| Securityholder reporting fees   | 106,665          | 84,052           |
| Management fees (Note 11)   | 288,516          | 212,305          |
| Performance fees (Note 11)  | 17,685           | -                |
| Interest expense  | 86               | 182              |
| Audit fees  | 9,395            | 7,822            |
| Legal fees  | 893              | 4,226            |
| Independent Review Committee fees   | 2,715            | 2,300            |
| Custodial fees  | 9,661            | 9,698            |
| Security borrowing expenses   | 570              | 2,780            |
| Commissions and other portfolio transaction costs (Note 11)   | 16,736           | 10,282           |
| Withholding tax expense   | 5,288            | 1,931            |
| Harmonized sales tax  | 47,064           | 35,597           |
| Total expenses before manager absorption  | 505,274          | 371,175          |
| Less: expenses absorbed by manager (Note 11)  | (13,812)         | (18,618)         |
| <b>Total expenses after manager absorption</b>  | <b>491,462</b>   | <b>352,557</b>   |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b>                    | <b>1,675,783</b> | <b>(223,209)</b> |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>          |                  |                  |
| Series A  | 520,357          | (67,930)         |
| Series AD   | 11,283           | (5,633)          |
| Series F  | 888,038          | (52,268)         |
| Series FD   | 18,885           | (2,697)          |
| Series I  | 15,546           | (63,149)         |
| Series L  | 212,637          | (29,790)         |
| Series LD   | 9,037            | (1,742)          |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b> |                  |                  |
| Series A  | 0.53             | (0.08)           |
| Series AD   | 0.42             | (0.20)           |
| Series F  | 0.56             | (0.05)           |
| Series FD   | 0.47             | (0.08)           |
| Series I  | 0.39             | (0.19)           |
| Series L  | 0.46             | (0.08)           |
| Series LD   | 0.31             | (0.17)           |

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

# EXEMPLAR PERFORMANCE FUND

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

|  |           | 2017<br>\$ | 2016<br>\$ |
|--|-----------|------------|------------|
| <b>Net assets attributable to holders of redeemable units at beginning of period</b> |           |            |            |
|  | Series A  | 12,339,997 | 7,664,351  |
|  | Series AD | 254,875    | 225,063    |
|  | Series F  | 19,431,447 | 10,828,387 |
|  | Series FD | 401,269    | 335,525    |
|  | Series I  | 2,458,712  | 4,875,100  |
|  | Series L  | 5,051,406  | 2,934,980  |
|  | Series LD | 91,833     | 99,846     |
|  |           | 40,029,539 | 26,963,252 |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b> |           |            |            |
|  | Series A  | 520,357    | (67,930)   |
|  | Series AD | 11,283     | (5,633)    |
|  | Series F  | 888,038    | (52,268)   |
|  | Series FD | 18,885     | (2,697)    |
|  | Series I  | 15,546     | (63,149)   |
|  | Series L  | 212,637    | (29,790)   |
|  | Series LD | 9,037      | (1,742)    |
|  |           | 1,675,783  | (223,209)  |
| <b>Distributions to holders of redeemable units</b>                                  |           |            |            |
| From return of capital   |           |            |            |
|  | Series AD | (2,673)    | (2,616)    |
|  | Series FD | (4,212)    | (3,515)    |
|  | Series LD | (3,213)    | (1,004)    |
|  |           | (10,098)   | (7,135)    |
| <b>Redeemable unit transactions</b>  |           |            |            |
| Proceeds from redeemable units issued  |           |            |            |
|  | Series A  | 1,297,080  | 4,533,160  |
|  | Series AD | 21,282     | 49,420     |
|  | Series F  | 5,000,018  | 5,503,979  |
|  | Series FD | 78,030     | 51,300     |
|  | Series I  | 5,000      | 250,000    |
|  | Series L  | 94,879     | 1,663,204  |
|  | Series LD | 231,809    | -          |
| Reinvestments of distributions to holders of redeemable units                        |           |            |            |
|  | Series AD | 2,308      | 2,251      |
|  | Series FD | 914        | 1,220      |
|  | Series LD | 3,213      | 1,004      |

Continued on next page.

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



# EXEMPLAR PERFORMANCE FUND

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

|  |           | 2017               | 2016              |
|--|-----------|--------------------|-------------------|
|  |           | \$                 | \$                |
| <i>Continued from previous page.</i>   |           |                    |                   |
| Redemption of redeemable units   | Series A  | (2,433,970)        | (724,117)         |
|  | Series AD | (11,150)           | (21,479)          |
|  | Series F  | (3,324,104)        | (917,771)         |
|  | Series FD | (16,390)           | (34,063)          |
|  | Series I  | (2,474,083)        | (2,795,000)       |
|  | Series L  | (182,007)          | (145)             |
|  | Series LD | -                  | (9,808)           |
| <b>Net increase (decrease) from redeemable unit transactions</b>                         |           | <b>(1,707,171)</b> | <b>7,553,155</b>  |
| <b>Net increase (decrease) in net assets attributable to holders of redeemable units</b> |           | <b>(41,486)</b>    | <b>7,322,811</b>  |
|  | Series A  | 11,723,464         | 11,405,464        |
|  | Series AD | 275,925            | 247,006           |
|  | Series F  | 21,995,399         | 15,362,327        |
|  | Series FD | 478,496            | 347,770           |
|  | Series I  | 5,175              | 2,266,951         |
|  | Series L  | 5,176,915          | 4,568,249         |
|  | Series LD | 332,679            | 88,296            |
| <b>Net assets attributable to holders of redeemable units at end of period</b>           |           | <b>39,988,053</b>  | <b>34,286,063</b> |

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

# EXEMPLAR PERFORMANCE FUND

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

|  | 2017<br>\$   | 2016<br>\$   |
|--|--------------|--------------|
|  |              | (Note 3)     |
| <b>Cash flows from (used in) operating activities</b>  |              |              |
| Increase (decrease) in net assets attributable to holders of redeemable units                | 1,675,783    | (223,209)    |
| Adjustment for:  |              |              |
| Net change in unrealized foreign exchange (gain) loss on cash                                | (79,278)     | (3,200)      |
| Net realized (gain) loss on investments and derivatives                                      | (220,522)    | 146,484      |
| Net change in unrealized (appreciation) depreciation in value of investments and derivatives | (1,698,173)  | (336,102)    |
| Purchase of investments  | (14,120,375) | (14,232,051) |
| Proceeds on sale of investments  | 14,908,277   | 8,474,150    |
| Decrease (increase) in accrued dividends receivable  | (4,554)      | (14,947)     |
| Increase (decrease) in accrued dividends payable   | 621          | 6,138        |
| Increase (decrease) in other liabilities   | 20,025       | 40,753       |
| Decrease (increase) in margin deposits   | 39,375       | (1,040,561)  |
| <b>Net cash from (used in) operating activities</b>  | 521,179      | (7,182,545)  |
| <b>Cash flows from (used in) financing activities</b>  |              |              |
| Proceeds from redeemable units issued  | 5,723,262    | 11,561,657   |
| Redemption of redeemable units   | (7,464,231)  | (4,165,326)  |
| Distributions paid to holders of redeemable units, net of reinvested distributions           | (3,663)      | (2,660)      |
| <b>Net cash from (used in) financing activities</b>  | (1,744,632)  | 7,393,671    |
| <b>Net Increase (decrease) in cash</b>   | (1,223,453)  | 211,126      |
| <b>Cash at beginning of the period</b>   | 7,550,941    | 13,543,597   |
| Net change in unrealized foreign exchange gain (loss) on cash                                | 79,278       | 3,200        |
| <b>Cash at end of the period</b>   | 6,406,766    | 13,757,923   |
| <b>Supplemental information:</b>   |              |              |
| Interest received*   | 6,480        | 35,878       |
| Dividends received, net of withholding tax*  | 314,130      | 135,800      |
| Interest paid*   | (86)         | (182)        |
| Dividends paid*  | (1,978)      | (3,530)      |
| *Included as part of cash flows from operating activities                                    |              |              |

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

# EXEMPLAR PERFORMANCE FUND

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

| Equity Positions - Long                          |          | 74.4%        |              |            |  |
|--|----------|--------------|--------------|------------|--|
| Security Name                                    | Currency | Quantity     | Average Cost | Fair Value |  |
|  |          |              | \$           | \$         |  |
| <b>Consumer Discretionary</b>                    |          | <b>10.6%</b> |              |            |  |
| Amazon.com, Inc.                                 | USD      | 500          | 585,733      | 627,651    |  |
| Canadian Tire Corporation, Limited, Class A      | CAD      | 2,500        | 302,733      | 368,900    |  |
| Cineplex Inc.                                    | CAD      | 2,100        | 102,291      | 111,006    |  |
| DHX Media Ltd.*                                  | CAD      | 72,700       | 527,175      | 417,298    |  |
| Diversified Royalty Corp.*                       | CAD      | 156,600      | 399,809      | 405,594    |  |
| Dollarama Inc.                                   | CAD      | 2,200        | 273,184      | 272,602    |  |
| Freshii Inc. Class A Subordinated Voting*        | CAD      | 3,300        | 37,950       | 40,590     |  |
| Imvescor Restaurant Group Inc.                   | CAD      | 69,200       | 232,827      | 253,964    |  |
| Newell Brands Inc.                               | USD      | 3,300        | 207,810      | 229,464    |  |
| Park Lawn Corporation                            | CAD      | 17,500       | 275,482      | 329,350    |  |
| Shaw Communications Inc., Class B, Convertible   | CAD      | 100          | 3,006        | 2,829      |  |
| Sleep Country Canada Holdings Inc.               | CAD      | 12,500       | 293,198      | 514,375    |  |
| Spin Master Corp. Subordinated Voting            | CAD      | 13,900       | 368,329      | 537,930    |  |
| Stingray Digital Group Inc., Subordinated Voting | CAD      | 12,400       | 90,761       | 97,712     |  |
|  |          |              | 3,700,288    | 4,209,265  |  |
| <b>Consumer Staples</b>                          |          | <b>5.4%</b>  |              |            |  |
| Alimentation Couche-Tard Inc.                    | CAD      | 10,900       | 596,430      | 677,544    |  |
| Altria Group, Inc.                               | USD      | 1,300        | 119,245      | 125,545    |  |
| Constellation Brands, Inc.                       | USD      | 1,000        | 197,962      | 251,229    |  |
| GreenSpace Brands Inc.                           | CAD      | 25,200       | 37,360       | 38,304     |  |
| Loblaw Companies Limited                         | CAD      | 4,400        | 313,013      | 317,416    |  |
| Maple Leaf Foods Inc.                            | CAD      | 200          | 5,864        | 6,548      |  |
| Mondelez International, Inc.                     | USD      | 2,700        | 153,079      | 151,224    |  |
| Pinnacle Foods Inc.                              | USD      | 100          | 7,655        | 7,703      |  |
| Premium Brands Holdings Corporation              | CAD      | 2,400        | 97,450       | 223,296    |  |
| Tyson Foods, Inc.                                | USD      | 4,000        | 348,145      | 324,874    |  |
| Whole Foods Market, Inc.*                        | USD      | 1,000        | 47,280       | 54,608     |  |
|  |          |              | 1,923,483    | 2,178,291  |  |
| <b>Energy</b>                                    |          | <b>8.1%</b>  |              |            |  |
| Advantage Oil & Gas Ltd.                         | CAD      | 8,800        | 76,636       | 77,176     |  |
| AltaGas Ltd., Subscription Receipt               | CAD      | 14,600       | 448,474      | 430,554    |  |
| Cameco Corporation                               | CAD      | 16,400       | 255,517      | 193,684    |  |
| Enerflex Ltd.                                    | CAD      | 14,500       | 253,988      | 272,890    |  |
| Paramount Resources Ltd., Class A                | CAD      | 8,300        | 152,358      | 158,447    |  |
| Parex Resources Inc.                             | CAD      | 17,700       | 282,623      | 261,075    |  |
| Parkland Fuel Corporation                        | CAD      | 2,800        | 79,239       | 83,188     |  |
| ShawCor Ltd.                                     | CAD      | 8,100        | 265,513      | 214,488    |  |
| Tourmaline Oil Corp.                             | CAD      | 1,600        | 56,088       | 44,608     |  |
| TransCanada Corporation*                         | CAD      | 18,200       | 968,069      | 1,125,124  |  |
| Trican Well Service Ltd.                         | CAD      | 10,200       | 52,795       | 37,026     |  |
| Vermilion Energy Inc.*                           | CAD      | 8,600        | 361,550      | 353,804    |  |
|  |          |              | 3,252,850    | 3,252,064  |  |

# EXEMPLAR PERFORMANCE FUND

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

| Equity Positions - Long                     |          | 74.4%        |              |            |  |
|---|----------|--------------|--------------|------------|--|
| Security Name                               | Currency | Quantity     | Average Cost | Fair Value |  |
|   |          |              | \$           | \$         |  |
| <b>Financials</b>                           |          | <b>8.9%</b>  |              |            |  |
| The Bank of Nova Scotia                     | CAD      | 1,600        | 122,043      | 124,816    |  |
| Burford Capital Limited                     | GBP      | 20,000       | 190,192      | 304,361    |  |
| Comerica Incorporated                       | USD      | 1,400        | 126,891      | 132,969    |  |
| ECN Capital Corp.                           | CAD      | 89,300       | 291,994      | 357,200    |  |
| F.N.B. Corporation*                         | USD      | 1,500        | 30,727       | 27,544     |  |
| The Goldman Sachs Group, Inc.               | USD      | 100          | 26,428       | 28,776     |  |
| The Hartford Financial Services Group, Inc. | USD      | 2,200        | 142,558      | 149,980    |  |
| Hilltop Holdings Inc.                       | USD      | 300          | 11,229       | 10,197     |  |
| Invesco Ltd.                                | USD      | 300          | 12,423       | 13,690     |  |
| JPMorgan Chase & Co.                        | USD      | 900          | 102,290      | 106,675    |  |
| National Bank of Canada                     | CAD      | 4,200        | 225,744      | 229,026    |  |
| Onex Corporation, Subordinated Voting       | CAD      | 5,100        | 474,433      | 529,431    |  |
| Royal Bank of Canada                        | CAD      | 12,400       | 1,190,945    | 1,167,584  |  |
| State Bank Financial Corporation            | USD      | 3,800        | 133,273      | 133,643    |  |
| Thomson Reuters Corporation                 | CAD      | 1,500        | 89,961       | 90,060     |  |
| Uranium Participation Corporation           | CAD      | 40,600       | 177,772      | 158,340    |  |
|   |          |              | 3,348,903    | 3,564,292  |  |
| <b>Health Care</b>                          |          | <b>2.0%</b>  |              |            |  |
| Heliuss Medical Technologies, Inc.*         | CAD      | 76,900       | 98,643       | 154,569    |  |
| Johnson & Johnson                           | USD      | 600          | 92,596       | 102,932    |  |
| Knight Therapeutics Inc.                    | CAD      | 30,000       | 249,921      | 308,700    |  |
| TSO3 Inc.                                   | CAD      | 1,200        | 3,427        | 3,708      |  |
| Zoetis Inc.                                 | USD      | 2,600        | 139,420      | 210,325    |  |
|   |          |              | 584,007      | 780,234    |  |
| <b>Industrials</b>                          |          | <b>12.5%</b> |              |            |  |
| Ag Growth International Inc.                | CAD      | 8,600        | 405,745      | 496,392    |  |
| Air Canada                                  | CAD      | 5,500        | 95,177       | 95,590     |  |
| Arconic Inc.                                | USD      | 4,700        | 168,605      | 138,051    |  |
| Armstrong Flooring, Inc.                    | USD      | 15,710       | 328,774      | 366,098    |  |
| CAE Inc.                                    | CAD      | 14,900       | 256,821      | 333,164    |  |
| Canadian National Railway Company           | CAD      | 1,300        | 101,881      | 136,786    |  |
| Canadian Pacific Railway Limited            | CAD      | 500          | 97,890       | 104,325    |  |
| Exchange Income Corporation*                | CAD      | 9,000        | 368,709      | 297,540    |  |
| Ingersoll-Rand Public Limited Company       | USD      | 300          | 25,842       | 35,554     |  |
| Morneau Shepell Inc.                        | CAD      | 10,900       | 181,970      | 227,156    |  |
| New Flyer Industries Inc.                   | CAD      | 11,000       | 439,147      | 596,640    |  |
| Northrop Grumman Corporation                | USD      | 500          | 151,952      | 166,451    |  |
| Raytheon Company                            | USD      | 2,200        | 422,060      | 460,696    |  |
| Richelieu Hardware Ltd.                     | CAD      | 14,100       | 328,364      | 423,705    |  |
| Rocky Mountain Dealerships Inc.             | CAD      | 20,900       | 199,662      | 207,955    |  |
| Savaria Corporation                         | CAD      | 4,900        | 61,277       | 78,106     |  |
| Toromont Industries Ltd.                    | CAD      | 4,200        | 134,882      | 200,508    |  |
| United Rentals, Inc.                        | USD      | 800          | 133,983      | 116,930    |  |
| Univar Inc.*                                | USD      | 2,500        | 97,067       | 94,666     |  |

# EXEMPLAR PERFORMANCE FUND

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

| Equity Positions - Long                      |          | 74.4%    |              |            |  |
|--|----------|----------|--------------|------------|--|
| Security Name                                | Currency | Quantity | Average Cost | Fair Value |  |
|  |          |          | \$           | \$         |  |
| <b>Industrials - Continued</b>               |          |          |              |            |  |
| Wajax Corporation                            | CAD      | 1,100    | 22,228       | 24,904     |  |
| Waste Connections, Inc.                      | USD      | 1,350    | 79,396       | 112,779    |  |
| Waste Connections, Inc.                      | CAD      | 2,100    | 179,999      | 175,413    |  |
| WSP Global Inc.                              | CAD      | 2,200    | 79,152       | 118,382    |  |
|  |          |          | 4,360,583    | 5,007,791  |  |
| <b>Information Technology</b>                |          |          |              |            |  |
|  |          |          | 7.2%         |            |  |
| AcuityAds Holding Inc.                       | CAD      | 14,200   | 59,386       | 58,220     |  |
| Blackhawk Network Holdings, Inc.             | USD      | 777      | 43,374       | 43,932     |  |
| Broadcom Limited                             | USD      | 1,000    | 204,919      | 302,219    |  |
| BSM Technologies Inc.*                       | CAD      | 15,100   | 23,785       | 24,009     |  |
| Celestica Inc., Subordinated Voting          | CAD      | 500      | 9,239        | 8,810      |  |
| Citrix Systems, Inc.                         | USD      | 100      | 10,656       | 10,320     |  |
| Constellation Software Inc.                  | CAD      | 300      | 133,336      | 203,523    |  |
| The Descartes Systems Group Inc.             | USD      | 10,000   | 208,422      | 315,771    |  |
| Facebook, Inc.                               | USD      | 100      | 16,348       | 19,579     |  |
| Kinaxis Inc.                                 | CAD      | 5,100    | 152,329      | 411,774    |  |
| Micron Technology, Inc.                      | USD      | 6,600    | 205,478      | 255,568    |  |
| Microsoft Corporation                        | USD      | 700      | 52,068       | 62,572     |  |
| Open Text Corporation                        | CAD      | 4,300    | 173,826      | 175,999    |  |
| Oracle Corporation                           | USD      | 3,400    | 226,123      | 221,073    |  |
| Pure Technologies Ltd.*                      | CAD      | 54,900   | 329,698      | 268,461    |  |
| Shopify Inc.                                 | USD      | 2,500    | 221,677      | 281,730    |  |
| Square, Inc.*                                | USD      | 2,200    | 48,771       | 66,930     |  |
| The Trade Desk, Inc.                         | USD      | 100      | 6,667        | 6,498      |  |
| Visa Inc.                                    | USD      | 1,200    | 112,176      | 145,937    |  |
|  |          |          | 2,238,278    | 2,882,925  |  |
| <b>Materials</b>                             |          |          |              |            |  |
|  |          |          | 10.8%        |            |  |
| Agnico Eagle Mines Limited                   | CAD      | 6,400    | 394,190      | 374,272    |  |
| Albemarle Corporation                        | USD      | 2,100    | 242,982      | 287,415    |  |
| CCL Industries, Class B                      | CAD      | 28,900   | 1,064,507    | 1,896,129  |  |
| Hudbay Minerals Inc.                         | CAD      | 400      | 3,682        | 3,000      |  |
| Integra Gold Corp.*                          | CAD      | 144,200  | 102,820      | 135,548    |  |
| Kirkland Lake Gold Ltd.*                     | CAD      | 19,400   | 200,981      | 238,038    |  |
| Lithium Americas Corp.*                      | CAD      | 36,100   | 35,140       | 31,407     |  |
| LSC Lithium Corporation                      | CAD      | 200,000  | 260,000      | 248,000    |  |
| Lucara Diamond Corp.                         | CAD      | 85,500   | 295,713      | 235,980    |  |
| Methanex Corporation                         | CAD      | 5,800    | 267,464      | 332,050    |  |
| Sandstorm Gold Ltd.*                         | USD      | 52,309   | 302,196      | 262,519    |  |
| Sociedad Quimica y Minera de Chile S.A., ADR | USD      | 3,900    | 111,935      | 166,999    |  |
| Trevali Mining Corporation                   | CAD      | 84,100   | 52,532       | 106,807    |  |
| Wesdome Gold Mines Ltd.                      | CAD      | 6,100    | 23,828       | 18,605     |  |
|  |          |          | 3,357,970    | 4,336,769  |  |

# EXEMPLAR PERFORMANCE FUND

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

| Equity Positions - Long                 |          | 74.4%       |          |                    |                   |
|---|----------|-------------|----------|--------------------|-------------------|
| Security Name                           | Currency |             | Quantity | Average Cost<br>\$ | Fair Value<br>\$  |
| <b>Real Estate</b>                      |          | <b>4.0%</b> |          |                    |                   |
| Pure Multi-Family REIT LP, Class A      | CAD      |             | 54,800   | 493,971            | 476,760           |
| StorageVault Canada Inc.*               | CAD      |             | 400,000  | 340,000            | 1,056,000         |
| Tricon Capital Group Inc.*              | CAD      |             | 5,300    | 48,442             | 61,586            |
|   |          |             |          | <u>882,413</u>     | <u>1,594,346</u>  |
| <b>Telecommunication Services</b>       |          | <b>0.9%</b> |          |                    |                   |
| BCE Inc.                                | CAD      |             | 2,800    | 161,909            | 163,520           |
| Rogers Communications Inc., Class B     | CAD      |             | 1,000    | 62,277             | 61,250            |
| TELUS Corporation                       | CAD      |             | 2,900    | 130,080            | 129,833           |
|   |          |             |          | <u>354,266</u>     | <u>354,603</u>    |
| <b>Utilities</b>                        |          | <b>4.0%</b> |          |                    |                   |
| Brookfield Infrastructure Partners L.P. | CAD      |             | 3,700    | 154,222            | 196,248           |
| Brookfield Infrastructure Partners L.P. | USD      |             | 12,500   | 521,610            | 663,151           |
| Northland Power Inc.*                   | CAD      |             | 20,200   | 478,992            | 466,620           |
| TransAlta Corporation                   | CAD      |             | 32,000   | 186,754            | 265,280           |
|   |          |             |          | <u>1,341,578</u>   | <u>1,591,299</u>  |
|   |          |             |          | <u>25,344,619</u>  | <u>29,751,879</u> |

| Equity Positions - Short           |          | (0.7%)        |          |                  |                  |
|------------------------------------|----------|---------------|----------|------------------|------------------|
| Security Name                      | Currency |               | Quantity | Proceeds<br>\$   | Fair Value<br>\$ |
| <b>Consumer Discretionary</b>      |          | <b>(0.6%)</b> |          |                  |                  |
| H&R Block, Inc.                    | USD      |               | (800)    | (26,997)         | (32,067)         |
| MTY Food Group Inc.                | CAD      |               | (4,100)  | (183,782)        | (190,076)        |
|                                    |          |               |          | <u>(210,779)</u> | <u>(222,143)</u> |
| <b>Energy</b>                      |          | <b>(0.1%)</b> |          |                  |                  |
| AltaGas Ltd.                       | CAD      |               | (1,400)  | (43,660)         | (41,552)         |
| Obsidian Energy Ltd.               | CAD      |               | (300)    | (514)            | (489)            |
|                                    |          |               |          | <u>(44,174)</u>  | <u>(42,041)</u>  |
| <b>Financials</b>                  |          | <b>(0.0%)</b> |          |                  |                  |
| Alaris Royalty Corp.               | CAD      |               | (300)    | (6,630)          | (6,909)          |
| Canadian Imperial Bank of Commerce | CAD      |               | (100)    | (11,091)         | (10,539)         |
|                                    |          |               |          | <u>(17,721)</u>  | <u>(17,448)</u>  |
| <b>Utilities</b>                   |          | <b>(0.0%)</b> |          |                  |                  |
| Hydro One Limited                  | CAD      |               | (600)    | (13,903)         | (13,938)         |
|                                    |          |               |          | <u>(286,577)</u> | <u>(295,570)</u> |

# EXEMPLAR PERFORMANCE FUND

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

| Funds - Long                     |          | 4.7%     |                  |                  |  |
|----------------------------------|----------|----------|------------------|------------------|--|
| Security Name                    | Currency | Quantity | Average Cost     | Fair Value       |  |
|                                  |          |          | \$               | \$               |  |
| Boyd Group Income Fund           | CAD      | 14,600   | 866,354          | 1,403,790        |  |
| Crius Energy Trust*              | CAD      | 9,400    | 95,532           | 97,478           |  |
| PureFunds ISE Cyber Security ETF | USD      | 200      | 7,946            | 7,786            |  |
| SPDR Gold Shares*                | USD      | 800      | 127,246          | 122,439          |  |
| Technology Select Sector SPDR*   | USD      | 2,200    | 167,836          | 156,114          |  |
| Vanguard FTSE Europe ETF         | USD      | 1,200    | 82,910           | 85,807           |  |
|                                  |          |          | <u>1,347,824</u> | <u>1,873,414</u> |  |

| Funds - Short                |          | (0.0%)   |              |            |  |
|------------------------------|----------|----------|--------------|------------|--|
| Security Name                | Currency | Quantity | Average Cost | Fair Value |  |
|                              |          |          | \$           | \$         |  |
| iShares S&P/TSX 60 Index ETF | CAD      | (200)    | (4,636)      | (4,486)    |  |

| Investment Portfolio Summary |              | Average Cost /    | Fair Value        |
|------------------------------|--------------|-------------------|-------------------|
|                              | %            | (Proceeds)        |                   |
|                              |              | \$                | \$                |
| Equity Positions - Long      | 74.4         | 25,344,619        | 29,751,879        |
| Equity Positions - Short     | (0.7)        | (286,577)         | (295,570)         |
| Funds - Long                 | 4.7          | 1,347,824         | 1,873,414         |
| Funds - Short                | (0.0)        | (4,636)           | (4,486)           |
| Total Investments            | <u>78.4</u>  | <u>26,401,230</u> | <u>31,325,237</u> |
| Total Other Net Assets       | <u>21.6</u>  | <u>-</u>          | <u>8,662,816</u>  |
| Total Net Assets             | <u>100.0</u> | <u>26,401,230</u> | <u>39,988,053</u> |

\*Denotes all or part of securities on loan

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Performance Fund is to achieve capital appreciation over both short and long term horizons primarily through the selection and management of shares of Canadian equity securities.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund'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.

The management of these risks is carried out by the Manager in accordance with the Fund's Declaration of Trust.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

| Credit Rating* | Percentage of total debt securities |                         |
|----------------|-------------------------------------|-------------------------|
|                | As at June 30, 2017                 | As at December 31, 2016 |
|                | %                                   | %                       |
| Not Rated      | -                                   | 100.0                   |
| Total          | -                                   | 100.0                   |

\* Credit ratings are obtained from Standard & Poor's, Moody's and / or Dominion Bond Rating Service.

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, 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 Fund 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 A3.

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 Fund. Therefore, the Fund 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 Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit, cash held at the broker and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's prime 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 Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and 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 Fund is 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 Fund's liabilities are typically due in less than 3 months except for performance fees which are accrued daily and payable annually on December 31 (if applicable). Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.



# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE 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 units 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 Fund's exposure to foreign currencies as 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 units if the Canadian dollar had strengthened or weakened by 10% in relation to the other currencies, with all other variables held constant. Non-monetary items include equities and funds. Monetary items include fixed income, cash and other current receivables and payables.

| June 30, 2017   | Exposure         |                    |                   | Impact on net assets attributable to holders of redeemable units |                    |                  |
|---|------------------|--------------------|-------------------|--|--------------------|------------------|
|   | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$       | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$      |
| United States Dollar - Long                                 | 3,057,281        | 7,670,280          | 10,727,561        | 305,728  | 767,028            | 1,072,756        |
| United States Dollar - Short                                | (209,179)        | (32,316)           | (241,495)         | (20,918)   | (3,232)            | (24,150)         |
| British Pound - Long  | -                | 304,361            | 304,361           | -  | 30,436             | 30,436           |
| <b>Total</b>  | <b>2,848,102</b> | <b>7,942,325</b>   | <b>10,790,427</b> | <b>284,810</b>   | <b>794,232</b>     | <b>1,079,042</b> |
| % of net assets attributable to holders of redeemable units | 7.1%             | 19.9%              | 27.0%             | 0.7%   | 2.0%               | 2.7%             |

| December 31, 2016   | Exposure         |                    |                  | Impact on net assets attributable to holders of redeemable units |                    |                |
|---|------------------|--------------------|------------------|--|--------------------|----------------|
|   | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$      | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$    |
| United States Dollar - Long                                 | 1,284,065        | 7,063,810          | 8,347,875        | 128,407  | 706,381            | 834,788        |
| United States Dollar - Short                                | (62,579)         | -                  | (62,579)         | (6,258)  | -                  | (6,258)        |
| British Pound - Long  | -                | 189,461            | 189,461          | -  | 18,946             | 18,946         |
| <b>Total</b>  | <b>1,221,486</b> | <b>7,253,271</b>   | <b>8,474,757</b> | <b>122,149</b>   | <b>725,327</b>     | <b>847,476</b> |
| % of net assets attributable to holders of redeemable units | 3.1%             | 18.1%              | 21.2%            | 0.3%   | 1.8%               | 2.1%           |

#### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and December 31, 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

| Term to Maturity   | Total Exposure |                   |
|--|----------------|-------------------|
|  | June 30, 2017  | December 31, 2016 |
| Less than 1 year   | \$ -           | \$ -              |
| 1-3 years  | -              | -                 |
| 3-5 years  | -              | 61,920            |
| Greater than 5 years   | -              | -                 |
| <b>Total</b>   | <b>\$ -</b>    | <b>\$ 61,920</b>  |
| Sensitivity:   |                |                   |
| Total \$ sensitivity to net assets attributable to holders of redeemable units | +/- \$ -       | +/- \$ 2,006      |
| Total % sensitivity to net assets attributable to holders of redeemable units  | -              | 0.0%              |

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

### (c) Price Risk

The Fund'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.

To achieve the investment objective, the Fund will invest predominantly in large and mid capitalization Canadian companies. Generally, no more than 20% of the Fund is expected to be invested outside of this investment focus. The Fund may also invest in bonds and other debt instruments if warranted by financial conditions. The Fund will 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 Fund may follow a more concentrated investment approach and, from time to time, over weight certain geographic regions and industry sectors when deemed appropriate by the Manager. This may result in the Fund's portfolio weightings being substantially different from the weightings of the S&P/TSX Composite Total Return Index (or its successor index).

The Fund may hold cash or invest 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 Fund may also invest in foreign securities of the same type and characteristics as described above.

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund 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.

As at June 30, 2017, the impact on net assets of the Fund due to a 5% change in market prices of equity and fund securities is \$1,566,262 (all other variables held constant) (December 31, 2016: 1,542,469).

### 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 Fund's concentration risk as of June 30, 2017 and December 31, 2016:

| Market Segment             | % of net assets attributable to holders of redeemable units |                 |                   |                 |
|----------------------------|---|-----------------|-------------------|-----------------|
|                            | June 30, 2017   |                 | December 31, 2016 |                 |
|                            | Long Positions  | Short Positions | Long Positions    | Short Positions |
|                            | %   | %               | %                 | %               |
| Consumer Discretionary     | 10.6  | (0.6)           | 9.3               | (0.4)           |
| Consumer Staples           | 5.4   | -               | 5.6               | -               |
| Corporate Bonds            | -   | -               | 0.2               | -               |
| Energy                     | 8.1   | (0.1)           | 10.9              | -               |
| Financials                 | 8.9   | (0.0)           | 5.9               | -               |
| Funds                      | 4.7   | (0.0)           | 8.9               | -               |
| Health Care                | 2.0   | -               | 2.6               | -               |
| Industrials                | 12.5  | -               | 10.6              | (0.3)           |
| Information Technology     | 7.2   | -               | 6.7               | -               |
| Materials                  | 10.8  | -               | 11.6              | (0.2)           |
| Real Estate                | 4.0   | -               | 2.2               | -               |
| Telecommunication Services | 0.9   | -               | 0.4               | -               |
| Utilities                  | 4.0   | (0.0)           | 3.2               | -               |
| Total                      | 79.1  | (0.7)           | 78.1              | (0.9)           |

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE 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 Funds appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund'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             |
|------------------------------|-------------------|----------|----------|-------------------|
|                              | \$                | \$       | \$       | \$                |
| <b>Financial assets</b>      |                   |          |          |                   |
| Equities                     | 29,751,879        | -        | -        | 29,751,879        |
| Funds                        | 1,873,414         | -        | -        | 1,873,414         |
| <b>Total</b>                 | <b>31,625,293</b> | <b>-</b> | <b>-</b> | <b>31,625,293</b> |
| <b>Financial liabilities</b> |                   |          |          |                   |
| Equities sold short          | (295,570)         | -        | -        | (295,570)         |
| Funds                        | (4,486)           | -        | -        | (4,486)           |
| <b>Total</b>                 | <b>(300,056)</b>  | <b>-</b> | <b>-</b> | <b>(300,056)</b>  |

| December 31, 2016            | Level 1           | Level 2       | Level 3  | Total             |
|------------------------------|-------------------|---------------|----------|-------------------|
|                              | \$                | \$            | \$       | \$                |
| <b>Financial assets</b>      |                   |               |          |                   |
| Equities                     | 27,623,590        | -             | -        | 27,623,590        |
| Fixed income                 | -                 | 61,920        | -        | 61,920            |
| Funds                        | 3,569,282         | -             | -        | 3,569,282         |
| <b>Total</b>                 | <b>31,192,872</b> | <b>61,920</b> | <b>-</b> | <b>31,254,792</b> |
| <b>Financial liabilities</b> |                   |               |          |                   |
| Equities sold short          | (343,502)         | -             | -        | (343,502)         |
| <b>Total</b>                 | <b>(343,502)</b>  | <b>-</b>      | <b>-</b> | <b>(343,502)</b>  |

All fair value measurements above are recurring. The carrying values of all of the Fund'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 Fund, 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. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

#### a) Equities and Funds

The Fund's equity positions and investments in funds (long and short) are all classified as Level 1 as each security is actively traded on a recognized exchange and a quoted price is available.

#### b) Bonds

The Fund's bond holdings are comprised of Canadian corporate bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

As at June 30, 2017 and December 31, 2016, the Fund 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 December 31, 2016.

### 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 | Interest expense | Dividend income | Dividend expense | Securities lending income | Total            |
|---------------------------------|-------------------------------|---|-----------------|------------------|-----------------|------------------|---------------------------|------------------|
| June 30, 2017                   | \$                            | \$  | \$              | \$               | \$              | \$               | \$                        | \$               |
| Financial assets at FVTPL:      |                               |   |                 |                  |                 |                  |                           |                  |
| Designated as FVTPL             | 267,739                       | 1,641,573                                 | -               | -                | 323,972         | -                | 16,078                    | 2,249,362        |
| Financial liabilities at FVTPL: |                               |   |                 |                  |                 |                  |                           |                  |
| HFT                             | (47,217)                      | 56,600                                    | -               | -                | -               | (2,599)          | -                         | 6,784            |
| <b>Total</b>                    | <b>220,522</b>                | <b>1,698,173</b>                          | <b>-</b>        | <b>-</b>         | <b>323,972</b>  | <b>(2,599)</b>   | <b>16,078</b>             | <b>2,256,146</b> |

|                                 | Net realized gains / (losses) | Net change in unrealized gains / (losses) | Interest income | Interest expense | Dividend income | Dividend expense | Securities lending income | Total          |
|---------------------------------|-------------------------------|---|-----------------|------------------|-----------------|------------------|---------------------------|----------------|
| June 30, 2016                   | \$                            | \$  | \$              | \$               | \$              | \$               | \$                        | \$             |
| Financial assets at FVTPL:      |                               |   |                 |                  |                 |                  |                           |                |
| Designated as FVTPL             | (185,483)                     | 490,384                                   | -               | -                | 152,678         | -                | -                         | 457,579        |
| Financial liabilities at FVTPL: |                               |   |                 |                  |                 |                  |                           |                |
| HFT                             | 38,999                        | (154,282)                                 | -               | -                | -               | (9,668)          | -                         | (124,951)      |
| <b>Total</b>                    | <b>(146,484)</b>              | <b>336,102</b>                            | <b>-</b>        | <b>-</b>         | <b>152,678</b>  | <b>(9,668)</b>   | <b>-</b>                  | <b>332,628</b> |

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <b>ASSETS</b>   |                           |                               |
| <b>Current assets</b>   |                           |                               |
| Financial assets designated at fair value through profit and loss | \$43,396,284              | \$33,803,306                  |
| Financial assets held for trading                                 |                           |                               |
| Options at fair value - long                                      | 3,372                     | 56,526                        |
| Unrealized gain on futures contracts - long                       | 184,165                   | -                             |
| Unrealized gain on futures contracts - short                      | 167,796                   | -                             |
| Unrealized gain on forward currency contracts                     | -                         | 777                           |
| Warrants at fair value  | -                         | 148                           |
| Cash  | 1,348,306                 | 2,231,446                     |
| Margin deposits   | 1,357,464                 | 981,823                       |
| Accrued interest receivable                                       | 288,783                   | 260,384                       |
| Accrued dividend receivable                                       | 5,299                     | 13,353                        |
| Receivable for securities sold                                    | 1,411,009                 | 155,562                       |
| Receivable for redeemable units issued                            | 294,985                   | 266,723                       |
|   | 48,457,463                | 37,770,047                    |
| <b>LIABILITIES</b>  |                           |                               |
| <b>Current liabilities</b>  |                           |                               |
| Financial liabilities held for trading                            |                           |                               |
| Options at fair value - short                                     | 674                       | 14,613                        |
| Unrealized loss on futures contracts - long                       | -                         | 70,065                        |
| Unrealized loss on futures contracts - short                      | -                         | 3,280                         |
| Unrealized loss on swap contracts                                 | 148,850                   | 387,006                       |
| Unrealized loss on forward currency contracts                     | 4,078                     | -                             |
| Payable for securities purchased                                  | 1,537,936                 | -                             |
| Cash collateral on swap contracts                                 | 263,519                   | 91,178                        |
| Payable for redeemable units redeemed                             | 52,200                    | 193,539                       |
| Other liabilities (Note 11)                                       | 53,640                    | 48,854                        |
|   | 2,060,897                 | 808,535                       |
| Net assets attributable to holders of redeemable units            | \$46,396,566              | \$36,961,512                  |
| Net assets attributable to holders of redeemable units            |                           |                               |
| Series A  | \$3,829,250               | \$3,827,739                   |
| Series AI   | \$1,007,449               | \$348,277                     |
| Series AN   | \$5,506,885               | \$7,471,716                   |
| Series F  | \$20,952,387              | \$15,293,620                  |
| Series FI   | \$2,166,466               | \$1,894,998                   |
| Series FN   | \$8,834,138               | \$6,147,787                   |
| Series I  | \$2,981,386               | \$950,838                     |
| Series L  | \$1,016,160               | \$947,547                     |
| Series LI   | \$5,172                   | \$5,051                       |
| Series U  | \$76,272                  | \$59,006                      |
| Series G  | \$19,609                  | \$13,528                      |
| Series M  | \$1,392                   | \$1,405                       |

Continued on next page.

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

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## Statements of Financial Position (Unaudited)

|   | As at<br>June 30,<br>2017 | As at<br>December 31,<br>2016 |
|---|---------------------------|-------------------------------|
| <i>Continued from previous page.</i>                            |                           |                               |
| Number of redeemable units outstanding (Note 8)                 |                           |                               |
| Series A  | 417,633                   | 417,810                       |
| Series AI   | 115,450                   | 39,528                        |
| Series AN   | 545,195                   | 758,683                       |
| Series F  | 2,233,118                 | 1,638,737                     |
| Series FI   | 242,295                   | 210,892                       |
| Series FN   | 866,316                   | 620,805                       |
| Series I  | 292,150                   | 96,477                        |
| Series L  | 109,974                   | 102,475                       |
| Series LI   | 566                       | 546                           |
| Series U  | 5,915                     | 4,437                         |
| Series G  | 1,489                     | 1,000                         |
| Series M  | 106                       | 104                           |
| Net assets attributable to holders of redeemable units per unit |                           |                               |
| Series A  | \$9.17                    | \$9.16                        |
| Series AI   | \$8.73                    | \$8.81                        |
| Series AN   | \$10.10                   | \$9.85                        |
| Series F  | \$9.38                    | \$9.33                        |
| Series FI   | \$8.94                    | \$8.99                        |
| Series FN   | \$10.20                   | \$9.90                        |
| Series I  | \$10.20                   | \$9.86                        |
| Series L  | \$9.24                    | \$9.25                        |
| Series LI   | \$9.14                    | \$9.25                        |
| Series U USD  | \$9.94                    | \$9.91                        |
| Series G USD  | \$10.16                   | \$10.08                       |
| Series M USD  | \$10.12                   | \$10.06                       |
| USD/CAD Foreign Exchange Rate                                   | 0.7711                    | 0.7448                        |

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

“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 TACTICAL CORPORATE BOND FUND

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

|  | 2017<br>\$       | 2016<br>\$       |
|--|------------------|------------------|
| <b>INCOME</b>  |                  |                  |
| Net gains (losses) on investments and derivatives  |                  |                  |
| Interest for distribution purposes   | 645,319          | 869,061          |
| Dividend income  | 76,070           | 42,759           |
| Securities lending income (net) (Note 10)  | 7                | -                |
| Net realized gain (loss) on investments and derivatives                                      | 663,841          | 304,743          |
| Net change in unrealized appreciation (depreciation) in value of investments and derivatives | 156,853          | 39,013           |
| Net gains (losses) on investments and derivatives  | 1,542,090        | 1,255,576        |
| Other income items:  |                  |                  |
| Interest on cash   | 905              | 1,793            |
| Foreign exchange gain (loss)   | (39,783)         | 9,300            |
| Net change in unrealized foreign exchange gain (loss)  | (41,447)         | 37,064           |
| <b>Total income (net)</b>  | <b>1,461,765</b> | <b>1,303,733</b> |
| <b>EXPENSES</b>  |                  |                  |
| Securityholder reporting fees  | 92,347           | 88,698           |
| Management fees (Note 11)  | 239,267          | 234,908          |
| Interest expense   | 1,159            | 3,007            |
| Audit fees   | 10,063           | 10,781           |
| Legal fees   | 893              | 4,703            |
| Independent Review Committee fees  | 2,715            | 2,300            |
| Custodial fees   | 8,429            | 6,793            |
| Commissions and other portfolio transaction costs (Note 11)                                  | 8,297            | 2,629            |
| Commissions on Futures (Note 11)   | 5,007            | 5,745            |
| Harmonized sales tax   | 23,252           | 24,687           |
| Total expense before manager absorption  | 391,429          | 384,251          |
| Less: expenses absorbed by manager (Note 11)   | (72,397)         | (76,658)         |
| <b>Total expenses after manager absorption</b>   | <b>319,032</b>   | <b>307,593</b>   |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b>         | <b>1,142,733</b> | <b>996,140</b>   |
| Series A   | 98,606           | 107,349          |
| Series AI  | 9,068            | 6,185            |
| Series AN  | 157,291          | 231,798          |
| Series F   | 500,311          | 413,141          |
| Series FI  | 59,497           | 35,150           |
| Series FN  | 224,082          | 144,154          |
| Series I   | 70,548           | 47,850           |
| Series L   | 22,830           | 12,679           |
| Series LI  | 121              | 218              |
| Series U   | 578              | (1,676)          |
| Series G   | (186)            | -                |
| Series M   | (13)             | (708)            |

Continued on next page.

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

# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

|   | 2017<br>\$ | 2016<br>\$ |
|---|------------|------------|
| <i>Continued from previous page.</i>  |            |            |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b> |            |            |
| Series A  | 0.23       | 0.23       |
| Series AI   | 0.17       | 0.21       |
| Series AN   | 0.27       | 0.24       |
| Series F  | 0.26       | 0.28       |
| Series FI   | 0.26       | 0.26       |
| Series FN   | 0.28       | 0.25       |
| Series I  | 0.25       | 0.40       |
| Series L  | 0.22       | 0.14       |
| Series LI   | 0.22       | 0.21       |
| Series U  | 0.09       | (0.57)     |
| Series G  | (0.14)     | -          |
| Series M  | (0.12)     | (0.57)     |

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



# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

|  |           | 2017<br>\$ | 2016<br>\$ |
|--|-----------|------------|------------|
| <b>Net assets attributable to holders of redeemable units at beginning of period</b> | Series A  | 3,827,739  | 4,369,884  |
|  | Series AI | 348,277    | 257,213    |
|  | Series AN | 7,471,716  | 10,313,894 |
|  | Series F  | 15,293,620 | 11,641,816 |
|  | Series FI | 1,894,998  | 1,112,189  |
|  | Series FN | 6,147,787  | 6,653,587  |
|  | Series I  | 950,838    | 1,131,199  |
|  | Series L  | 947,547    | 939,352    |
|  | Series LI | 5,051      | 9,658      |
|  | Series U  | 59,006     | 40,013     |
|  | Series G  | 13,528     | -          |
|  | Series M  | 1,405      | 16,904     |
|  |           | 36,961,512 | 36,485,709 |
| <b>Increase (decrease) in net assets attributable to holders of redeemable units</b> | Series A  | 98,606     | 107,349    |
|  | Series AI | 9,068      | 6,185      |
|  | Series AN | 157,291    | 231,798    |
|  | Series F  | 500,311    | 413,141    |
|  | Series FI | 59,497     | 35,150     |
|  | Series FN | 224,082    | 144,154    |
|  | Series I  | 70,548     | 47,850     |
|  | Series L  | 22,830     | 12,679     |
|  | Series LI | 121        | 218        |
|  | Series U  | 578        | (1,676)    |
|  | Series G  | (186)      | -          |
|  | Series M  | (13)       | (708)      |
|  |           | 1,142,733  | 996,140    |
| <b>Distributions to holders of redeemable units</b>                                  |           |            |            |
| From return of capital   | Series A  | -          | -          |
|  | Series AI | -          | -          |
|  | Series AN | -          | -          |
|  | Series F  | -          | -          |
|  | Series FI | -          | -          |
|  | Series FN | -          | -          |
|  | Series I  | -          | -          |
|  | Series L  | -          | -          |
|  | Series LI | -          | -          |
|  | Series U  | -          | -          |
|  | Series G  | -          | -          |
|  | Series M  | -          | -          |
| From net realized gains on investments and derivatives                               | Series A  | -          | -          |
|  | Series AI | -          | -          |
|  | Series AN | -          | -          |
|  | Series F  | -          | -          |
|  | Series FI | -          | -          |
|  | Series FN | -          | -          |
|  | Series I  | -          | -          |
|  | Series L  | -          | -          |
|  | Series LI | -          | -          |
|  | Series U  | -          | -          |
|  | Series G  | -          | -          |
|  | Series M  | -          | -          |

Continued on next page.

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

# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

|   |           | 2017<br>\$       | 2016<br>\$       |
|---|-----------|------------------|------------------|
| <i>Continued from previous page.</i>                          |           |                  |                  |
| From net investment income                                    | Series A  | (96,241)         | (107,988)        |
|   | Series AI | (15,652)         | (9,198)          |
|   | Series AN | -                | -                |
|   | Series F  | (440,827)        | (329,252)        |
|   | Series FI | (70,312)         | (41,903)         |
|   | Series FN | -                | -                |
|   | Series I  | -                | -                |
|   | Series L  | (23,561)         | (20,084)         |
|   | Series LI | (183)            | (345)            |
|   | Series U  | (2,034)          | (967)            |
|   | Series G  | (437)            | -                |
|   | Series M  | (34)             | (411)            |
| <b>Total distributions to holders of redeemable units</b>     |           | <b>(649,281)</b> | <b>(510,148)</b> |
| <b>Redeemable unit transactions</b>                           |           |                  |                  |
| Proceeds from redeemable units issued                         | Series A  | 369,615          | 444,367          |
|   | Series AI | 821,431          | 83,349           |
|   | Series AN | 371,093          | 168,820          |
|   | Series F  | 6,615,571        | 4,504,460        |
|   | Series FI | 525,690          | 532,362          |
|   | Series FN | 3,161,865        | 1,213,965        |
|   | Series I  | 3,100,000        | 855,000          |
|   | Series L  | 50,000           | 28,450           |
|   | Series LI | -                | -                |
|   | Series U  | 38,830           | -                |
|   | Series G  | 6,704            | -                |
|   | Series M  | -                | -                |
| Reinvestments of distributions to holders of redeemable units | Series A  | 38,022           | 47,520           |
|   | Series AI | 3,881            | 8,716            |
|   | Series AN | -                | -                |
|   | Series F  | 156,157          | 113,435          |
|   | Series FI | 36,711           | 39,486           |
|   | Series FN | -                | -                |
|   | Series I  | -                | -                |
|   | Series L  | 19,344           | 15,866           |
|   | Series LI | 183              | 345              |
|   | Series U  | -                | -                |
|   | Series G  | -                | -                |
|   | Series M  | 34               | -                |

*Continued on next page.*

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

# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

|  |           | 2017<br>\$        | 2016<br>\$        |
|--|-----------|-------------------|-------------------|
| <i>Continued from previous page.</i>   |           |                   |                   |
| Redemption of redeemable units   | Series A  | (408,491)         | (618,509)         |
|  | Series AI | (159,556)         | (43,215)          |
|  | Series AN | (2,493,215)       | (1,200,433)       |
|  | Series F  | (1,172,445)       | (1,508,418)       |
|  | Series FI | (280,118)         | (128,770)         |
|  | Series FN | (699,596)         | (2,749,571)       |
|  | Series I  | (1,140,000)       | (1,465,000)       |
|  | Series L  | -                 | (172,449)         |
|  | Series LI | -                 | (5,000)           |
|  | Series U  | (20,108)          | -                 |
|  | Series G  | -                 | -                 |
|  | Series M  | -                 | -                 |
| <b>Net increase (decrease) from redeemable unit transactions</b>                         |           | <b>8,941,602</b>  | <b>164,776</b>    |
| <b>Net increase (decrease) in net assets attributable to holders of redeemable units</b> |           | <b>9,435,054</b>  | <b>650,768</b>    |
|  | Series A  | 3,829,250         | 4,242,623         |
|  | Series AI | 1,007,449         | 303,050           |
|  | Series AN | 5,506,885         | 9,514,079         |
|  | Series F  | 20,952,387        | 14,835,182        |
|  | Series FI | 2,166,466         | 1,548,514         |
|  | Series FN | 8,834,138         | 5,262,135         |
|  | Series I  | 2,981,386         | 569,049           |
|  | Series L  | 1,016,160         | 803,814           |
|  | Series LI | 5,172             | 4,876             |
|  | Series U  | 76,272            | 37,370            |
|  | Series G  | 19,609            | -                 |
|  | Series M  | 1,392             | 15,785            |
| <b>Net assets attributable to holders of redeemable units at end of period</b>           |           | <b>46,396,566</b> | <b>37,136,477</b> |

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

# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

|  | 2017<br>\$   | 2016<br>\$<br>(Note 3) |
|--|--------------|------------------------|
| <b>Cash flows from (used in) operating activities</b>  |              |                        |
| Increase (decrease) in net assets attributable to holders of redeemable units                | 1,142,733    | 996,140                |
| Adjustment for:  |              |                        |
| Net change in unrealized foreign exchange (gain) loss on cash                                | (46,812)     | (53,987)               |
| Net realized (gain) loss on investments and derivatives                                      | (663,841)    | (304,743)              |
| Net change in unrealized (appreciation) depreciation in value of investments and derivatives | (156,853)    | (39,013)               |
| Purchase of investments  | (82,064,910) | (39,359,473)           |
| Proceeds on sale of investments and derivatives  | 72,955,870   | 35,581,288             |
| Decrease (increase) in accrued interest receivable   | (28,400)     | 99,983                 |
| Decrease (increase) in accrued dividend receivable   | 8,054        | -                      |
| Increase (decrease) in other liabilities   | 4,786        | (2,596)                |
| Increase (decrease) in cash collateral on swap contracts                                     | 172,341      | -                      |
| Decrease (increase) in margin deposits   | (375,641)    | 135,879                |
| <b>Net cash from (used in) operating activities</b>  | (9,052,672)  | (2,946,524)            |
| <b>Cash flows from (used in) financing activities</b>  |              |                        |
| Proceeds from redeemable units issued  | 12,537,752   | 7,272,854              |
| Redemption of redeemable units   | (4,020,083)  | (6,988,473)            |
| Distributions paid to holders of redeemable units, net of reinvested distributions           | (394,949)    | (284,780)              |
| <b>Net cash from (used in) financing activities</b>  | 8,122,720    | (399)                  |
| <b>Net increase (decrease) in cash</b>   | (929,952)    | (2,946,923)            |
| <b>Cash at beginning of the period</b>   | 2,231,446    | 6,530,132              |
| Net change in unrealized foreign exchange gain (loss) on cash                                | 46,812       | 53,987                 |
| <b>Cash at end of the period</b>   | 1,348,306    | 3,637,197              |
| <b>Supplemental information:</b>   |              |                        |
| Interest received*   | 617,825      | 970,837                |
| Interest paid*   | (1,159)      | (3,007)                |
| Dividends received, net of withholding tax*  | 84,124       | -                      |

\*Included as part of cash flows from operating activities

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

# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

| Equity Positions - Long                     |          | 8.0%        |          |                    |                  |
|---|----------|-------------|----------|--------------------|------------------|
| Security Name                               | Currency |             | Quantity | Average Cost<br>\$ | Fair Value<br>\$ |
| <b>Energy</b>                               |          | <b>2.4%</b> |          |                    |                  |
| Enbridge Inc. Preferred Series L            | USD      |             | 36,340   | 904,774            | 1,112,638        |
| <b>Financial</b>                            |          | <b>5.6%</b> |          |                    |                  |
| Bank of Montreal Preferred Series 42        | CAD      |             | 43,000   | 1,074,218          | 1,074,140        |
| Bank of Montreal Series Preferred 40        | CAD      |             | 7,000    | 179,515            | 180,250          |
| The Bank of Nova Scotia Preferred Series 32 | CAD      |             | 41,100   | 860,405            | 916,530          |
| Canadian Imperial Bank of Commerce          | CAD      |             | 18,000   | 450,000            | 450,900          |
|   |          |             |          | <u>2,564,138</u>   | <u>2,621,820</u> |
|   |          |             |          | <u>3,468,912</u>   | <u>3,734,458</u> |

| Fixed Income Positions - Long            |          | 85.5%            |               |           |                    |                   |
|--|----------|------------------|---------------|-----------|--------------------|-------------------|
| Security Name                            | Currency | Coupon Rate<br>% | Maturity Date | Par Value | Average Cost<br>\$ | Fair Value<br>\$  |
| Ag Growth International Inc.             | CAD      | 5.25             | 12-31-19      | 710,000   | 745,189            | 741,950           |
| Anheuser-Busch Inbev Finance Inc.        | CAD      | 3.38             | 01-25-23      | 2,133,000 | 2,260,102          | 2,225,508         |
| Aon Finance N.S. 1, ULC                  | CAD      | 4.76             | 03-08-18      | 500,000   | 537,008            | 510,520           |
| Bank of America Corporation              | CAD      | 2.60             | 03-15-23      | 2,068,000 | 2,073,050          | 2,068,455         |
| Bank of America Corporation              | CAD      | 3.23             | 06-22-22      | 443,000   | 458,509            | 456,861           |
| Bank of Montreal                         | CAD      | 3.12             | 09-19-24      | 1,500,000 | 1,521,585          | 1,530,015         |
| Canadian Imperial Bank of Commerce       | CAD      | 3.00             | 10-28-24      | 1,234,000 | 1,264,381          | 1,256,558         |
| Citigroup Inc.                           | CAD      | 4.65             | 10-11-22      | 989,000   | 1,001,363          | 998,959           |
| Cominar Real Estate Investment Trust     | CAD      | 3.62             | 06-21-19      | 1,000,000 | 1,023,740          | 998,530           |
| Enbridge Inc.                            | CAD      | 1.48             | 05-24-19      | 200,000   | 200,000            | 200,356           |
| Fairfax Financial Holdings Limited       | CAD      | 7.25             | 06-22-20      | 1,400,000 | 1,581,538          | 1,569,092         |
| Ford Credit Canada Company               | CAD      | 2.77             | 06-22-22      | 551,000   | 551,000            | 548,554           |
| Ford Credit Canada Company               | CAD      | 2.45             | 05-07-20      | 929,000   | 932,556            | 932,029           |
| Ford Credit Canada Company               | CAD      | 2.92             | 09-16-20      | 1,088,000 | 1,118,290          | 1,105,887         |
| The Goldman Sachs Group, Inc.            | CAD      | 2.43             | 04-26-23      | 2,057,000 | 2,059,320          | 2,034,784         |
| Government of Canada                     | CAD      | 2.75             | 06-01-22      | 592,000   | 636,859            | 629,681           |
| Government of Canada                     | CAD      | 0.50             | 03-01-22      | 449,000   | 433,644            | 431,265           |
| JPMorgan Chase & Co.                     | CAD      | 1.98             | 02-22-21      | 1,059,000 | 1,059,067          | 1,062,177         |
| Kraft Canada Inc.                        | CAD      | 2.70             | 07-06-20      | 958,000   | 972,456            | 972,993           |
| Medavie Inc.                             | CAD      | 6.00             | 05-21-24      | 220,000   | 221,122            | 220,319           |
| Morgan Stanley                           | USD      | 2.37             | 01-20-22      | 1,880,000 | 2,454,810          | 2,463,629         |
| Morgan Stanley                           | CAD      | 3.00             | 02-07-24      | 1,500,000 | 1,516,545          | 1,509,495         |
| Navient Corporation                      | USD      | 7.25             | 09-25-23      | 1,000,000 | 1,316,661          | 1,403,786         |
| Northgroup Preferred Capital Corporation | USD      | 6.38             | 01-29-49      | 2,119,000 | 2,780,858          | 2,727,310         |
| Postmedia Network Inc.                   | CAD      | 8.25             | 07-15-21      | 195,090   | 201,430            | 167,777           |
| The Royal Bank Of Scotland Group Public  | CAD      | 6.67             | 12-31-49      | 1,640,000 | 1,797,189          | 1,841,638         |
| Shaw Communications Inc.                 | CAD      | 5.50             | 12-07-20      | 1,758,000 | 1,961,058          | 1,947,829         |
| Shaw Communications Inc.                 | CAD      | 5.65             | 10-01-19      | 918,000   | 1,016,226          | 991,798           |
| TransCanada Trust                        | CAD      | 4.65             | 05-18-77      | 1,641,000 | 1,645,324          | 1,649,468         |
| Videotron Ltd.                           | CAD      | 5.63             | 06-15-25      | 1,000,000 | 1,066,250          | 1,085,000         |
| Wells Fargo & Company                    | USD      | 2.14             | 02-11-22      | 1,000,000 | 1,342,760          | 1,308,448         |
| WTH Car Rental, ULC                      | CAD      | 1.91             | 07-20-20      | 1,000,000 | 1,000,000          | 989,340           |
| Yellow Pages Digital & Media Solutions   | CAD      | 9.25             | 11-30-18      | 1,076,433 | 1,136,050          | 1,081,815         |
|  |          |                  |               |           | <u>39,885,940</u>  | <u>39,661,826</u> |

# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

| Futures Contracts - Long       |          | 0.4%      |               |             |                | Unrealized     |
|--------------------------------|----------|-----------|---------------|-------------|----------------|----------------|
| Security Name                  | Currency | Contracts | Contract Size | Expiry Date | Notional Value | Gain / Loss \$ |
| 90DAY BANK ACCEPT FUTURE (MSE) | CAD      | 44        | 2,500         | 12-18-17    | 14,512,525     | (14,850)       |
| 90DAY EURODOLLAR FUTURE (CME)  | USD      | 44        | 2,500         | 09-18-17    | 14,989,225     | (2,853)        |
| CANADIAN DOLLAR FUTURES (CME)  | USD      | 106       | 1,000         | 09-19-17    | 1,622,040      | 201,868        |
|                                |          |           |               |             |                | <u>184,165</u> |

| Futures Contracts - Short      |          | 0.4%      |               |             |                | Unrealized     |
|--------------------------------|----------|-----------|---------------|-------------|----------------|----------------|
| Security Name                  | Currency | Contracts | Contract Size | Expiry Date | Notional Value | Gain / Loss \$ |
| 90DAY BANK ACCEPT FUTURE (MSE) | CAD      | (44)      | 2,500         | 12-17-18    | 14,551,613     | 18,700         |
| 90DAY EURODOLLAR FUTURE (CME)  | USD      | (44)      | 2,500         | 09-17-18    | 15,043,363     | 7,846          |
| CAN 5YR BOND FUTURE (MSE)      | CAD      | (13)      | 1,000         | 09-20-17    | 7,082,380      | 18,330         |
| CANADA 10YR BOND FUTURE (MSE)  | CAD      | (28)      | 1,000         | 09-20-17    | 2,389,350      | 122,920        |
|                                |          |           |               |             |                | <u>167,796</u> |

| Option Positions - Long |          | 0.0%         |             |           |              | Average Cost | Fair Value |
|-------------------------|----------|--------------|-------------|-----------|--------------|--------------|------------|
| Security Name           | Currency | Strike Price | Expiry Date | Contracts | Average Cost | Fair Value   |            |
|                         |          | \$           |             |           | \$           | \$           |            |
| S&P 500 INDEX SPX       | USD      | 2,275.00     | 07-22-17    | 13        | 33,506       | 3,372        |            |

| Option Positions - Short |          | (0.0%)       |             |           |          | Proceeds   | Fair Value |
|--------------------------|----------|--------------|-------------|-----------|----------|------------|------------|
| Security Name            | Currency | Strike Price | Expiry Date | Contracts | Proceeds | Fair Value |            |
|                          |          | \$           |             |           | \$       | \$         |            |
| S&P 500 INDEX SPX        | USD      | 2025.00      | 07-22-17    | (13)      | (7,048)  | (674)      |            |

| Swap Positions         |          | (0.3%)                    |           |                          |                  | Unrealized |
|------------------------|----------|---------------------------|-----------|--------------------------|------------------|------------|
| Security Name          | Currency | Notional Value            | Proceeds  | Unrealized Gain / (Loss) |                  |            |
|                        |          |                           | \$        | \$                       |                  |            |
| CDS EMB R 1%           | USD      | Credit Default Swap       | 1,000,000 | (15,990)                 | (2,061)          |            |
| CDS: (CDX NA HY 26.5Y) | USD      | Credit Default Swap Index | 2,772,000 | (79,839)                 | (281,608)        |            |
| IRS R CDOR3M P 1.075   | CAD      | Interest Rate             | 1,250,000 | -                        | 9,835            |            |
| IRS R CDOR3M P 1.3225  | CAD      | Interest Rate             | 6,200,000 | -                        | 87,523           |            |
| IRS R CDOR3M P 1.3925  | CAD      | Interest Rate             | 2,250,000 | -                        | 37,461           |            |
|                        |          |                           |           | <u>(95,829)</u>          | <u>(148,850)</u> |            |

| Forward Currency Contracts |                | (0.0%)        |                |               |               | Credit       | Fair Value    |                |
|----------------------------|----------------|---------------|----------------|---------------|---------------|--------------|---------------|----------------|
| Currency Purchased         | Notional Value | Currency Sold | Notional Value | Contract Rate | Maturity Date | Counterparty | Credit Rating | Fair Value \$  |
| USD                        | 59,000         | CAD           | (79,714)       | 0.74          | 07-06-17      | BNY Mellon   | A1            | (3,205)        |
| USD                        | 1,075          | CAD           | (1,452)        | 0.74          | 07-06-17      | BNY Mellon   | A1            | (58)           |
| USD                        | 15,000         | CAD           | (20,266)       | 0.74          | 07-06-17      | BNY Mellon   | A1            | (815)          |
|                            |                |               |                |               |               |              |               | <u>(4,078)</u> |

# EXEMPLAR TACTICAL CORPORATE BOND FUND

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

| Investment Portfolio Summary  |              | Average<br>Cost /<br>(Proceeds)<br>\$ | Fair Value<br>\$  |
|-------------------------------|--------------|---------------------------------------|-------------------|
| Equity Positions - Long       | 8.0          | 3,468,912                             | 3,734,458         |
| Fixed Income Positions - Long | 85.5         | 39,885,940                            | 39,661,826        |
| Futures Contracts - Long      | 0.4          | -                                     | 184,165           |
| Futures Contracts - Short     | 0.4          | -                                     | 167,796           |
| Option Positions - Long       | 0.0          | 33,506                                | 3,372             |
| Options Positions - Short     | (0.0)        | (7,048)                               | (674)             |
| Swap Positions                | (0.3)        | (95,829)                              | (148,850)         |
| Forward Currency Contracts    | <u>(0.0)</u> | -                                     | <u>(4,078)</u>    |
| Total Investments             | 94.0         | 43,285,481                            | 43,598,015        |
| Total Other Net Assets        | 6.0          | -                                     | 2,798,551         |
| Total Net Assets              | <u>100.0</u> | <u>43,285,481</u>                     | <u>46,396,566</u> |

\*Denotes all or part of securities on loan

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Tactical Corporate Bond Fund is to generate income and capital appreciation by primarily investing in a diversified portfolio of corporate bonds.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity, options, interest rate swaps, credit default swaps 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 Fund's Declaration of Trust.

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn can also increase the potential returns the Fund can achieve. The Portfolio Sub-Advisor uses leverage against assets with satisfactory liquidity characteristics in order to increase return on capital subject to market conditions.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

| Credit Rating* | Percentage of total debt securities |                         |
|----------------|-------------------------------------|-------------------------|
|                | As at June 30, 2017                 | As at December 31, 2016 |
|                | %                                   | %                       |
| AAA            | 2.7                                 | -                       |
| AA             | 3.4                                 | 4.5                     |
| A              | -                                   | 19.9                    |
| BBB            | 75.2                                | 30.2                    |
| Below BBB      | 11.2                                | 38.2                    |
| Not Rated      | 7.5                                 | 7.2                     |
| <b>Total</b>   | <b>100.0</b>                        | <b>100.0</b>            |

\* Credit ratings are obtained from Standard & Poor's, Moody's and / or Dominion Bond Rating Service.

The Fund is exposed to counterparty credit risk on swaps and futures contracts. The counterparties to the Fund's swaps are Bank of America and JP Morgan Chase & Co. which have credit ratings as rated by Moody's bond rating services of Baa1 and A3, respectively (2016: Baa1 and A3, respectively). Futures contracts are exchange traded. Cash collateral has been provided to Bank of America in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statement of Financial Position.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (2016: A1).

The Fund 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 (2016: Aa1).

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, 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 Fund 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.

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 Fund. Therefore,



# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

the Fund 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 Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

### Liquidity Risk

All of the Fund's liabilities are typically due in less than 3 months. Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2017, the minimum margin borrowings used was \$627,799 and the maximum margin borrowings used was \$1,093,704 (December 31, 2016: min: \$59,397, max: \$1,348,590).

### Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units 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 Fund's exposure to USD as 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 units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Monetary items include bonds, futures, swaps, cash and other current receivables and payables. Non-monetary items include equities, funds, warrants and options.

| June 30, 2017   | Exposure       |                    |             | Impact on net assets attributable to holders of redeemable units |                    |             |
|---|----------------|--------------------|-------------|--|--------------------|-------------|
|   | Monetary<br>\$ | Non-Monetary<br>\$ | Total<br>\$ | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$ |
| Currency  |                |                    |             |  |                    |             |
| United States Dollar - Long                                 | 10,022,377     | 1,116,010          | 11,138,387  | 1,002,238  | 111,601            | 1,113,839   |
| United States Dollar - Short                                | (261,950)      | (674)              | (262,624)   | (26,195)   | (67)               | (26,262)    |
| Total   | 9,760,427      | 1,115,336          | 10,875,763  | 976,043  | 111,534            | 1,087,577   |
| Redeemable units issued in USD                              |                |                    | (97,273)    |  |                    | (9,727)     |
| Net exposure to foreign currencies                          |                |                    | 10,778,490  |  |                    | 1,077,850   |
| % of net assets attributable to holders of redeemable units | 21.0%          | 2.4%               | 23.4%       | 2.1%   | 0.2%               | 2.3%        |
| % of net assets attributable to units issued in USD         |                |                    | (0.2%)      |  |                    | (0.0%)      |
| % of net assets exposed to foreign currencies               |                |                    | 23.2%       |  |                    | 2.3%        |

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE 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 units |                    |                  |
|---|------------------|--------------------|-------------------|--|--------------------|------------------|
|   | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$       | Monetary<br>\$   | Non-Monetary<br>\$ | Total<br>\$      |
| Currency  |                  |                    |                   |  |                    |                  |
| United States Dollar - Long                                 | 9,211,532        | 1,141,832          | 10,353,364        | 921,153  | 114,183            | 1,035,336        |
| United States Dollar - Short                                | (98,967)         | (13,695)           | (112,662)         | (9,897)  | (1,370)            | (11,267)         |
| <b>Total</b>  | <b>9,112,565</b> | <b>1,128,137</b>   | <b>10,240,702</b> | <b>911,256</b>   | <b>112,813</b>     | <b>1,024,069</b> |
| Redeemable units issued in                                  |                  |                    | (73,939)          |  |                    | (7,394)          |
| Net exposure to foreign                                     |                  |                    | 10,166,763        |  |                    | 1,016,675        |
| % of net assets attributable to holders of redeemable units | 24.7%            | 3.1%               | 27.7%             | 2.5%   | 0.3%               | 2.8%             |
| % of net assets attributable to units issued in USD         |                  |                    | (0.2%)            |  |                    | (0.0%)           |
| % of net assets exposed to foreign currencies               |                  |                    | 27.5%             |  |                    | 2.8%             |

### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and December 31, 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

| Term to Maturity   | Total Exposure       |                      |
|--|----------------------|----------------------|
|  | June 30, 2017        | December 31, 2016    |
| Less than 1 year   | \$ -                 | \$ 1,526,325         |
| 1-3 years  | 7,067,054            | 10,195,482           |
| 3-5 years  | 10,735,029           | 5,757,926            |
| Greater than 5 years   | 21,859,743           | 9,139,073            |
| <b>Total</b>   | <b>\$ 39,661,826</b> | <b>\$ 26,618,806</b> |
| Sensitivity:   |                      |                      |
| Total \$ sensitivity to net assets attributable to holders of redeemable units | +/- \$ 2,343,059     | +/- \$ 1,391,403     |
| Total % sensitivity to net assets attributable to holders of redeemable units  | 5.1%                 | 3.8%                 |

### (c) Price Risk

The Fund's policy is to manage price risk through pursuit of a diversified investment program that focuses on fixed income securities while utilizing other assets such as options and credit default swaps, to extract relative value and to manage credit exposure.

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold, not yet purchased, at prices which may be significantly higher than the fair value reflected on the financial statements.

As at June 30, 2017, if the Fund's relevant benchmark index, FTSE TMX Canada All Corporate Bond Index, had increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by \$556,759 (December 31, 2016: \$425,057).

### 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.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The following is a summary of the Fund's concentration risk as of June 30, 2017 and 2016:

| Market Segment  | June 30, 2017 | December 31, 2016 |
|-----------------|---------------|-------------------|
|                 | \$            | \$                |
| Corporate Bonds | 83.2          | 72.0              |
| Energy          | 2.4           | 6.6               |
| Financials      | 5.6           | 7.2               |
| Federal Bonds   | 2.3           | -                 |
| Funds           | -             | 5.5               |
| Derivatives     | 0.5           | (1.0)             |
| <b>Total</b>    | <b>94.0</b>   | <b>90.3</b>       |

### FAIR VALUE MEASUREMENT

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

The following table illustrates the classification of the Fund'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             |
|------------------------------|------------------|-------------------|----------|-------------------|
|                              | \$               | \$                | \$       | \$                |
| <b>Financial assets</b>      |                  |                   |          |                   |
| Equities                     | 3,734,458        | -                 | -        | 3,734,458         |
| Fixed Income                 | -                | 39,661,826        | -        | 39,661,826        |
| Derivatives                  | 373,036          | 134,819           | -        | 507,855           |
| <b>Total</b>                 | <b>4,107,494</b> | <b>39,796,645</b> | <b>-</b> | <b>43,904,139</b> |
| <b>Financial liabilities</b> |                  |                   |          |                   |
| Derivatives                  | (18,377)         | (287,747)         | -        | (306,124)         |
| <b>Total</b>                 | <b>(18,377)</b>  | <b>(287,747)</b>  | <b>-</b> | <b>(306,124)</b>  |

| December 31, 2016            | Level 1          | Level 2           | Level 3  | Total             |
|------------------------------|------------------|-------------------|----------|-------------------|
|                              | \$               | \$                | \$       | \$                |
| <b>Financial assets</b>      |                  |                   |          |                   |
| Equities                     | 5,151,500        | -                 | -        | 5,151,500         |
| Fixed income                 | -                | 26,618,806        | -        | 26,618,806        |
| Derivatives                  | 56,526           | 925               | -        | 57,451            |
| <b>Total</b>                 | <b>7,241,026</b> | <b>26,619,731</b> | <b>-</b> | <b>33,860,757</b> |
| <b>Financial liabilities</b> |                  |                   |          |                   |
| Derivatives                  | (87,958)         | (387,006)         | -        | (474,964)         |
| <b>Total</b>                 | <b>(87,958)</b>  | <b>(387,006)</b>  | <b>-</b> | <b>(474,964)</b>  |

All fair value measurements above are recurring. The carrying values of all of the Fund'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 Fund, 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. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

### a) Equities

The Fund's equity positions are all classified as Level 1 as each security is actively traded on a recognized exchange and a quoted price is available.

### b) Bonds

The Fund's bond holdings are comprised of Canadian and US corporate and federal bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

### c) Derivatives

Derivative assets and liabilities consist of warrants, options, futures contracts, credit default swaps and foreign currency contracts. 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. Warrants that have significant unobservable inputs are classified as Level 3. Futures contracts and options are exchange traded and are classified as Level 1 as they are actively traded on a recognized exchange and a quoted price is available. Credit default swaps are valued based upon quotations from independent security pricing sources. The inputs that are significant to valuation are generally observable and therefore credit default swaps have been classified as Level 2. Forward currency contracts are valued based primarily on the contract notional amount and the difference between the contract rate and the forward market rate for the same currency, adjusted for counterparty risk. Forward currency contracts are classified as Level 2.

As at June 30, 2017 and December 31, 2016, the Fund 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 December 31, 2016.

### 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 | Interest expense | Dividend income | Dividend expense | Security Lending Expense | Total     |
|---------------------------------|-------------------------------|---|-----------------|------------------|-----------------|------------------|--------------------------|-----------|
| June 30, 2017                   | \$                            | \$  | \$              | \$               | \$              | \$               | \$                       | \$        |
| Financial assets at FVTPL:      |                               |   |                 |                  |                 |                  |                          |           |
| Designated as FVTPL             | 868,086                       | (378,982)                                 | 744,061         | -                | 76,070          | -                | 7                        | 1,309,242 |
| HFT                             | 16,843                        | (34,213)                                  | (98,742)        | -                | -               | -                | -                        | (116,112) |
|                                 | 884,929                       | (413,195)                                 | 645,319         | -                | 76,070          | -                | 7                        | 1,193,130 |
| Financial liabilities at FVTPL: |                               |   |                 |                  |                 |                  |                          |           |
| HFT                             | (221,088)                     | 570,048                                   | -               | -                | -               | -                | -                        | 348,960   |
| Total                           | 663,841                       | 156,853                                   | 645,319         | -                | 76,070          | -                | 7                        | 1,542,090 |

|                                 | Net realized gains / (losses) | Net change in unrealized gains / (losses) | Interest income | Interest expense | Dividend income | Dividend expense | Total     |
|---------------------------------|-------------------------------|---|-----------------|------------------|-----------------|------------------|-----------|
| June 30, 2016                   | \$                            | \$  | \$              | \$               | \$              | \$               | \$        |
| Financial asset at FVTPL:       |                               |   |                 |                  |                 |                  |           |
| Designated as FVTPL             | (232,622)                     | 188,413                                   | 869,061         | -                | 42,759          | -                | 867,611   |
| Financial liabilities at FVTPL: |                               |   |                 |                  |                 |                  |           |
| HFT                             | 537,365                       | (149,400)                                 | -               | -                | -               | -                | 387,965   |
| Total                           | 304,743                       | 39,013                                    | 869,061         | -                | 42,759          | -                | 1,255,576 |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### 1. THE FUNDS

Exemplar Growth and Income Fund, Exemplar Investment Grade Fund, Exemplar Leaders Fund, Exemplar Performance Fund, and Exemplar Tactical Corporate Bond Fund (collectively the “Funds” and each a Fund) are open-ended mutual fund trusts created under the laws of the Province of Ontario pursuant to a declaration of trust (the “Declaration of Trust”) dated August 27, 2007, as last amended and restated on March 16, 2016.

Arrow Capital Management Inc. (“Arrow”) is the manager (“Manager”) of the Funds. The address of the Funds’ registered office is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

East Coast Fund Management Inc. is the portfolio sub-advisor “Portfolio Sub-advisor” of the Exemplar Investment Grade Fund and Exemplar Tactical Corporate Bond Fund.

The financial statements for Exemplar Investment Grade Fund, Exemplar Leaders Fund, Exemplar Performance Fund, and Exemplar Tactical Corporate Bond Fund are as at June 30, 2017 and December 31, 2016 and for the periods ended June 30, 2017 and 2016.

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

#### Fund Merger

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.

Details relating to the merger are as follows:

|           | Net Assets acquired by the Continuing Fund | Units issued by the Continuing Fund | Conversion Ratios (Terminating Fund) |          |           |          |
|-----------|--|-------------------------------------|--------------------------------------|----------|-----------|----------|
|           |  |                                     | Series A                             | Series F | Series FN | Series I |
| Series A  | 5,213,286                                  | 494,429                             | 1.1111                               | -        | -         | -        |
| Series F  | 1,120,283                                  | 107,457                             | -                                    | 0.9686   | -         | -        |
| Series FN | 212,116                                    | 19,777                              | -                                    | -        | 0.9850    | -        |
| Series I  | 2,392,455                                  | 231,240                             | -                                    | -        | -         | 1.0288   |

### 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 Funds 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 Funds’ long equity positions are designated at FVTPL. The Funds’ short investment positions, warrants, futures contracts, swaps and options, if applicable, are classified as held for trading (“HFT”) and are measured at FVTPL. The Funds’ obligation for net assets attributable to holders of redeemable units 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 Funds’ accounting policies for measuring the fair value of its investments and derivatives are the

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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same as those used in measuring its net asset value ("NAV") for transactions with unitholders. There were no differences between the net assets attributable to holders of redeemable units used for reporting purposes under IFRS and that used for transactions with unitholders 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 Fund accounted for on an accrual basis. The Funds 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.

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 Funds 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 10.

### **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 Funds 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 Funds' 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 Funds 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 Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund 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 years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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### e) **Foreign Currency Translation**

The Funds' 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 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 Statement of Comprehensive Income.

### f) **Cash**

Cash is comprised of deposits with financial institutions.

### g) **Margin Deposits**

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

### h) **Margin Loan**

Margin loan represents cash amounts borrowed under a margin agreement with a Fund's broker and is payable upon demand (if applicable).

### i) **Forward Currency Contracts**

The Funds 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 Fund 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) **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 Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When a Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. Options held by a Fund 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'.

### k) **Futures Contracts**

The Funds 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 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. When futures contracts are closed out, the gain or loss is presented in the Statements of Comprehensive Income within 'Net realized gain (loss) on investments and derivatives'.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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### **l) Credit Default Swap Contracts**

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The Fund as a seller of protection would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third party. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations.

The Fund as a buyer of protection would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third party. In return, the Fund would be required to pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs.

Premiums received or paid for entering into a credit default swap are included in the Statement of Financial Position as either an asset or liability. Credit default swap contracts are fair valued on each valuation day based upon quotations from independent security pricing sources. The change in the difference between the premium and the fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing or expiry of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

### **m) Interest Rate Swap Contracts**

An interest swap contract is a contractual agreement entered into between the Fund and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The net differential paid or received is recognized over the life of the agreement as a realized gain or loss on investments. Interest rate swap contracts are fair valued on each valuation day using indicative bid/ask prices from third party broker dealers. The change in fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing or expiry of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

### **n) 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.

### **o) Income and Expense Allocation**

The net assets of each series of each Fund are computed by calculating the value of that series' proportionate share of that Fund's assets less that series' proportionate share of that Fund'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 Funds or the number of unitholders in the Funds or other methodology the Manager determines is fair.

### **p) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit**

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

### **q) Classification of Redeemable Units**

The Funds' redeemable units contain multiple contractual obligations and multiple series of units have been issued which do not have identical features. Consequently, the units do not meet the conditions in IAS 32 to be classified as equity. As a result, the Funds' obligations for net assets attributable to holders of redeemable units are presented at the redemption amounts.



# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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### r) Investments in Structured Entities

The Funds may invest in underlying investment vehicles ("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 fund's net assets. The Funds' interest in Structured Entities as at June 30, 2017 and 2016, held the form of redeemable units, which are included at their fair value in the Statements of Financial Position which represents the Funds' maximum exposure in these Structured Entities. Refer to Note 7. The Funds 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 periods 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.

### s) Securities Lending

The Funds 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.

For the period ended June 30, 2016, 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 Funds. There is no net impact on cash flows from financing activities within the Funds.

| Fund                                  | 2016 Revision  |
|---------------------------------------|--|
|                                       | Amounts excluded from "Proceeds from redeemable units issued" and "Redemption of redeemable units" |
| Exemplar Growth and Income Fund       | 15,230   |
| Exemplar Investment Grade Fund        | 529,327  |
| Exemplar Tactical Corporate Bond Fund | 570,657  |
| Exemplar Leaders Fund                 | 96,155   |
| Exemplar Performance Fund             | 347,478  |

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### 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 Funds 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 Fund may value positions using its own models, which are usually based on valuation methods

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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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 Funds 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 Fund's financial instruments.

As at June 30, 2017, the investments in the Underlying Funds represented 16.7% (15.4% Exemplar Tactical Corporate Bond Fund – Series I, and 1.3% East Coast Investment Grade Income Fund) (December 31, 2016: 44.5% (18.9% Exemplar Performance Fund – Series I, 7.3% Exemplar Tactical Corporate Bond Fund – Series I, and 18.3% Exemplar U.S. High Yield Fund – Series I) of net assets attributable to holders of redeemable units of Exemplar Growth and Income Fund. The fair values of the Underlying Funds are determined primarily by reference to the latest available net asset value per unit of the Underlying Funds' units as reported by the respective administrators of the Underlying Funds. The Fund may make adjustments to the values based on considerations such as; liquidity of the Underlying Funds or their underlying investments, the value date of the net asset values provided, any restrictions on redemptions and the basis of accounting. Redemptions can only be made on the redemption dates and subject to the required notice periods specified in the respective offering documents. As a result, the carrying values of the Underlying Funds may not be indicative of the values ultimately realized on redemption. Series I unitholders of the Underlying Funds have the right to redeem any or all of their Series I shares effective each business day of each month.

Refer to Note 6 for further information about the fair value measurement of the Fund's financial instruments and to Note 7 for further information about the Fund's Structured Entities.

### **Use of Judgments**

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

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments about whether or not the business of the Funds 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 Fund 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 Fund 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 Funds have concluded that their investments in the Underlying Funds are investments in unconsolidated structured entities. This represents a significant judgment by the Funds 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 Funds and other investors.

## **5. FINANCIAL INSTRUMENTS – RISK MANAGEMENT**

In the normal course of business, each Fund 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 the Financial Statements – Fund Specific Information for each Fund's specific risk disclosure.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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### **Credit Risk**

The Funds 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 Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The Funds are also exposed to counterparty credit risk on cash, margin deposits and other receivable balances. The Funds 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 Fund's rights to its assets in the case of an insolvency of any such party.

### **Liquidity Risk**

Liquidity risk is the risk that a Fund will encounter difficulty in meeting obligations associated with financial liabilities. Each Fund is exposed to daily cash redemptions and as such, retains sufficient cash to fund anticipated redemptions. Each Fund aims to retain sufficient cash to maintain adequate liquidity including coverage of obligations related to short sales (if applicable) and all current liabilities. In addition, each Fund 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 Funds' 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 Funds invest in financial instruments and enter into transactions that are denominated in currencies other than the Canadian dollar. Consequently, the Funds 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 Funds 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 Fund may hold securities with fixed interest rates that expose that Fund to fair value interest rate risk.

#### **c) Price Risk**

The Funds 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 Funds' 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**

Units issued and outstanding are considered to be the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit of a Fund for all or any of the units of such unitholder 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 units are to be

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

redeemed (a "Redemption Date"). The redeeming unitholder will receive payment in respect of any units 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 Fund 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 Fund's specific risk disclosure.

The three levels of the fair value hierarchy are:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that a Fund 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 Funds 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 Funds.

### 7. INVESTMENT IN STRUCTURED ENTITIES

Information related to investments in Structured Entities is as follows:

#### Exemplar Growth and Income Fund – June 30, 2017

|  | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|--|--|--|---------------------------------|
|  | \$   | %  | %                               |
| Boyd Group Income Fund                         | 173,070  | 0.9  | 0.0                             |
| Crius Energy Trust                             | 237,510  | 1.2  | 0.0                             |
| East Coast Investment Grade Income Fund        | 252,709  | 1.3  | 0.4                             |
| Exemplar Tactical Corporate Bond Fund Series I | 2,981,381  | 15.4   | 6.4                             |
| Health Care Select Sector SPDR                 | 544,620  | 2.8  | 0.0                             |
| iShares 20+ Year Treasury Bond                 | 162,256  | 0.8  | 0.0                             |
| iShares S&P/TSX Global Gold Index ETF          | 243,200  | 1.3  | 0.0                             |

#### Exemplar Growth and Income Fund – December 31, 2016

|   | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|---|--|--|---------------------------------|
|   | \$   | %  | %                               |
| A&W Revenue Royalties Income Fund               | 37,170   | 0.3  | 0.0                             |
| Exemplar Performance Fund - Class I             | 2,458,746  | 18.9   | 6.1                             |
| Exemplar Tactical Corporate Bond Fund - Class I | 950,792  | 7.3  | 2.6                             |
| Exemplar US High Yield Fund - Class I           | 2,382,137  | 18.3   | 21.7                            |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Investment Grade Fund – June 30, 2017

|     | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|-----|--|--|---------------------------------|
|     | \$   | %  | %                               |
| n/a | n/a  | n/a  | n/a                             |

### Exemplar Investment Grade Fund – December 31, 2016

|  | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|--|--|--|---------------------------------|
|  | \$   | %  | %                               |
| BMO Laddered Preferred Share Index ETF | 1,701,300  | 2.7  | 0.1                             |

### Exemplar Leaders Fund – June 30, 2017

|                        | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|------------------------|--|--|---------------------------------|
|                        | \$   | %  | %                               |
| Boyd Group Income Fund | 971,115  | 2.6  | 0.1                             |
| Crius Energy Trust     | 667,265  | 1.8  | 0.1                             |
| Noranda Income Fund    | 70,308   | 0.2  | 0.1                             |

### Exemplar Leaders Fund – December 31, 2016

|                        | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|------------------------|--|--|---------------------------------|
|                        | \$   | %  | %                               |
| Boyd Group Income Fund | 881,268  | 2.4  | 0.1                             |
| Noranda Income Fund    | 223,958  | 0.6  | 0.2                             |

### Exemplar Performance Fund – June 30, 2017

|                                  | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|----------------------------------|--|--|---------------------------------|
|                                  | \$   | %  | %                               |
| Boyd Group Income Fund           | 1,403,790  | 3.5  | 0.1                             |
| Crius Energy Trust               | 97,478   | 2.0  | 0.0                             |
| PureFunds ISE Cyber Security ETF | 7,786  | 0.0  | 0.0                             |
| SPDR Gold Shares                 | 122,439  | 0.3  | 0.0                             |
| Technology Select Sector SPDR    | 156,114  | 0.4  | 0.0                             |
| Vanguard FTSE Europe ETF         | 85,807   | 0.2  | 0.0                             |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Performance Fund – December 31, 2016

|  | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|--|--|--|---------------------------------|
|  | \$   | %  | %                               |
| A&W Revenue Royalties Income Fund                | 538,965  | 1.3  | 0.1                             |
| BMO S&P/TSX Equal Weight Banks Index ETF         | 161,100  | 0.4  | 0.0                             |
| Boyd Group Income Fund                           | 1,129,392  | 2.8  | 0.1                             |
| iShare Russell 2000 ETF                          | 307,796  | 0.8  | 0.0                             |
| iShares S&P/TSX 60 Index ETF                     | 489,024  | 1.2  | 0.0                             |
| iShares S&P/TSX Capped Energy Index ETF          | 440,228  | 1.1  | 0.0                             |
| iShares S&P/TSX Capped REIT Index ETF            | 60,800   | 0.2  | 0.0                             |
| iShares U.S. Broker-Dealers & Sec. Exchanges ETF | 44,046   | 0.1  | 0.0                             |
| PowerShares DB US Dollar Index Bullish Fund      | 138,553  | 0.3  | 0.0                             |
| SPDR S&P Oil & Gas Exploration & Production ETF  | 111,225  | 0.3  | 0.0                             |
| VanEck Vectors Russia ETF                        | 148,153  | 0.4  | 0.0                             |

### Exemplar Tactical Corporate Bond Fund – June 30, 2017

|     | Fair Value of<br>Fund's Investment in<br>Underlying Fund | Net Assets Attributable<br>to Holders of<br>Redeemable Units | Ownership of<br>Underlying Fund |
|-----|--|--|---------------------------------|
|     | \$   | %  | %                               |
| n/a | n/a  | n/a  | n/a                             |

### Exemplar Tactical Corporate Bond Fund – December 31, 2016

|  | Fair Value of<br>Investment in<br>Fund | Fund's Net<br>Assets<br>Attributable<br>to Holders<br>of Redeemable<br>Units | Ownership<br>of<br>Underlying<br>Fund |
|--|--|--|---------------------------------------|
|  | \$                                     | %  | %                                     |
| BMO Laddered Preferred Share Index ETF | 2,033,000                              | 5.5  | 0.1                                   |

## 8. REDEEMABLE UNITS

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

### Exemplar Growth and Income Fund - for the period ended June 30, 2017

|           | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>issued and outstanding<br>at end of period |
|-----------|---|----------------------------|--|------------------------------|--|
| Series A  | 369,276   | 558,142                    | 14,122   | (221,466)                    | 720,074  |
| Series AN | 168,085   | 39,940                     | 2,067  | (76,502)                     | 133,590  |
| Series F  | 88,998  | 128,290                    | 3,754  | (51,337)                     | 169,705  |
| Series FN | 489,600   | 202,974                    | 9,262  | (34,637)                     | 667,199  |
| Series I  | 90,330  | -                          | 3,208  | (402)                        | 93,136   |
| Series L  | 26,060  | 9,666                      | 512  | -                            | 36,238   |
| Series LN | 10,852  | 9,412                      | 191  | 0                            | 20,455   |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Growth and Income Fund - for the period ended June 30, 2016

|           | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>issued and outstanding<br>at end of period |
|-----------|---|----------------------------|--|------------------------------|--|
| Series A  | 380,417   | 14,516                     | 4,681  | (36,522)                     | 363,092  |
| Series AN | 38,453  | 44,866                     | -  | (3,843)                      | 79,476   |
| Series F  | 118,491   | 46,134                     | 2,136  | (21,668)                     | 145,093  |
| Series FN | 314,537   | 108,866                    | -  | (16,276)                     | 407,127  |
| Series I  | 84,458  | -                          | 1,264  | (381)                        | 85,341   |
| Series L  | 8,642   | 14,975                     | 168  | -                            | 23,785   |
| Series LN | 5,062   | 5,312                      | -  | (1,004)                      | 9,370  |

### Exemplar Investment Grade Fund - for the period ended June 30, 2017

|           | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>issued and outstanding<br>at end of period |
|-----------|---|----------------------------|--|------------------------------|--|
| Series A  | 1,459,186   | 1,283,217                  | 22,568   | (281,852)                    | 2,483,119  |
| Series AI | 274,643   | 127,609                    | 2,490  | (22,791)                     | 381,951  |
| Series AN | 314,815   | 200,234                    | -  | (66,992)                     | 448,057  |
| Series F  | 3,554,196   | 3,965,106                  | 31,849   | (663,999)                    | 6,887,152  |
| Series FI | 436,032   | 110,629                    | 2,542  | (52,313)                     | 496,890  |
| Series FN | 311,722   | 538,911                    | -  | (46,781)                     | 803,852  |
| Series I  | 506   | -                          | -  | -                            | 506  |
| Series G  | 4,176   | 124,541                    | 213  | -                            | 128,930  |

### Exemplar Investment Grade Fund - for the period ended June 30, 2016

|           | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>issued and outstanding<br>at end of period |
|-----------|---|----------------------------|--|------------------------------|--|
| Series A  | 1,526,674   | 205,017                    | 14,794   | (220,820)                    | 1,525,665  |
| Series AI | 197,676   | 23,827                     | 1,399  | (14,387)                     | 208,515  |
| Series AN | 205,057   | 92,376                     | -  | (35,975)                     | 261,458  |
| Series F  | 3,627,975   | 641,300                    | 24,094   | (1,468,100)                  | 2,825,269  |
| Series FI | 251,235   | 150,820                    | 1,938  | (72,081)                     | 331,912  |
| Series FN | 147,719   | 57,492                     | -  | (10,006)                     | 195,205  |
| Series I  | -   | 50,491                     | -  | (50,000)                     | 491  |
| Series G  | 4,691   | -                          | 46   | -                            | 4,737  |

### Exemplar Leaders Fund - for the period ended June 30, 2017

|          | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>issued and outstanding<br>at end of period |
|----------|---|----------------------------|--|------------------------------|--|
| Series A | 680,983   | 22,458                     | -  | (47,299)                     | 656,142  |
| Series F | 234,046   | 10,028                     | -  | (11,222)                     | 232,852  |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Leaders Fund - for the period ended June 30, 2016

|          | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>issued and outstanding<br>at end of period |
|----------|---|----------------------------|--|------------------------------|--|
| Series A | 738,188   | 13,157                     | -  | (67,908)                     | 683,437  |
| Series F | 223,338   | 8,207                      | -  | (7,844)                      | 223,701  |

### Exemplar Performance Fund - for the period ended June 30, 2017

|           | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>outstanding at<br>beginning of period |
|-----------|---|----------------------------|--|------------------------------|---|
| Series A  | 1,032,860   | 105,050                    | -  | (197,319)                    | 940,591   |
| Series AD | 25,946  | 2,135                      | 226  | (1,129)                      | 27,178  |
| Series F  | 1,591,950   | 392,707                    | -  | (266,183)                    | 1,718,474   |
| Series FD | 39,436  | 7,246                      | 86   | (1,558)                      | 45,210  |
| Series I  | 227,887   | 461                        | -  | (227,887)                    | 461   |
| Series L  | 459,491   | 8,375                      | -  | (15,741)                     | 452,125   |
| Series LD | 9,179   | 22,869                     | 310  | -                            | 32,358  |

### Exemplar Performance Fund - for the period ended June 30, 2016

|           | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>outstanding at<br>beginning of period |
|-----------|---|----------------------------|--|------------------------------|---|
| Series A  | 657,788   | 398,881                    | -  | (63,390)                     | 993,279   |
| Series AD | 23,041  | 4,913                      | 237  | (2,273)                      | 25,918  |
| Series F  | 919,575   | 476,832                    | -  | (79,690)                     | 1,316,717   |
| Series FD | 33,506  | 5,236                      | 125  | (3,468)                      | 35,399  |
| Series I  | 474,210   | 24,612                     | -  | (277,625)                    | 221,197   |
| Series L  | 272,741   | 158,826                    | -  | (14)                         | 431,553   |
| Series LD | 10,010  | -                          | 104  | (1,026)                      | 9,088   |

### Exemplar Tactical Corporate Bond Fund - for the period ended June 30, 2017

|           | Redeemable units<br>outstanding at<br>beginning of period | Redeemable units<br>issued | Redeemable units<br>issued on reinvestment<br>of distributions | Redeemable units<br>redeemed | Redeemable units<br>issued and outstanding<br>at end of period |
|-----------|---|----------------------------|--|------------------------------|--|
| Series A  | 417,810   | 39,988                     | 4,132  | (44,297)                     | 417,633  |
| Series AI | 39,528  | 93,612                     | 441  | (18,131)                     | 115,450  |
| Series AN | 758,683   | 36,951                     | -  | (250,439)                    | 545,195  |
| Series F  | 1,638,737   | 702,396                    | 16,622   | (124,637)                    | 2,233,118  |
| Series FI | 210,892   | 58,342                     | 4,083  | (31,022)                     | 242,295  |
| Series FN | 620,805   | 314,634                    | -  | (69,123)                     | 866,316  |
| Series I  | 96,477  | 307,741                    | -  | (112,068)                    | 292,150  |
| Series L  | 102,475   | 5,415                      | 2,084  | -                            | 109,974  |
| Series LI | 546   | -                          | 20   | -                            | 566  |
| Series U  | 4,437   | 2,975                      | -  | (1,497)                      | 5,915  |
| Series G  | 1,000   | 489                        | -  | -                            | 1,489  |
| Series M  | 104   | -                          | 2  | -                            | 106  |



# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Tactical Corporate Bond Fund - for the period ended June 30, 2016

|           | Redeemable units outstanding at beginning of period | Redeemable units issued | Redeemable units issued on reinvestment of distributions | Redeemable units redeemed | Redeemable units issued and outstanding at end of period |
|-----------|---|-------------------------|--|---------------------------|--|
| Series A  | 478,057   | 49,263                  | 5,252  | (68,252)                  | 464,320  |
| Series AI | 28,942  | 9,410                   | 997  | (4,885)                   | 34,464   |
| Series AN | 1,048,750   | 16,927                  | -  | (121,738)                 | 943,939  |
| Series F  | 1,257,444   | 490,005                 | 12,330   | (163,724)                 | 1,596,055  |
| Series FI | 123,815   | 59,547                  | 4,457  | (14,355)                  | 173,464  |
| Series FN | 671,979   | 122,227                 | -  | (277,709)                 | 516,497  |
| Series I  | 115,268   | 86,797                  | -  | (146,020)                 | 56,045   |
| Series L  | 102,488   | 3,097                   | 1,749  | (19,472)                  | 87,862   |
| Series LI | 1,031   | -                       | 37   | (541)                     | 527  |
| Series U  | 2,940   | -                       | -  | -                         | 2,940  |
| Series M  | 1,250   | -                       | -  | -                         | 1,250  |

### 9. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the Funds enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the Statements 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 the Fund's Statements of Financial Position if all amounts were set off.

### Exemplar Growth and Income Fund - 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 |            |            |
|-------------------------------|---------------|---|--|--|------------|------------|
|                               |               |   |  | Financial instruments  | Collateral | Net amount |
|                               | \$            | \$  | \$   | \$   | \$         | \$         |
| <b>Financial assets:</b>      |               |   |  |  |            |            |
| Counterparty 1                | 137,347       | -   | 137,347  | -  | -          | 137,347    |
|                               | 137,347       | -   | 137,347  | -  | -          | 137,347    |
| <b>Financial liabilities:</b> |               |   |  |  |            |            |
| Counterparty 1                | -             | -   | -  | -  | -          | -          |
|                               | -             | -   | -  | -  | -          | -          |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Growth and Income Fund - 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 |
|                               | \$            | \$  | \$   | \$   | \$         | \$         |
| <b>Financial assets:</b>      |               |   |  |  |            |            |
| Counterparty 1                | 32,083        | -   | 32,083   | -  | -          | 32,083     |
|                               | 32,083        | -   | 32,083   | -  | -          | 32,083     |
| <b>Financial liabilities:</b> |               |   |  |  |            |            |
| Counterparty 1                | -             | -   | -  | -  | -          | -          |
|                               | -             | -   | -  | -  | -          | -          |

### Exemplar Investment Grade Fund - 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 |            |            |
|-------------------------------|---------------|---|--|--|------------|------------|
|                               |               |   |  | Financial instruments  | Collateral | Net amount |
|                               | \$            | \$  | \$   | \$   | \$         | \$         |
| <b>Financial assets:</b>      |               |   |  |  |            |            |
| Counterparty 1                | 1,644,644     | -   | 1,644,644  | (61,200)   | -          | 1,583,444  |
| Counterparty 2                | -             | -   | -  | -  | -          | -          |
| Counterparty 3                | -             | -   | -  | -  | -          | -          |
|                               | 1,644,644     | -   | 1,644,644  | (61,200)   | -          | 1,583,444  |
| <b>Financial liabilities:</b> |               |   |  |  |            |            |
| Counterparty 1                | (61,220)      | -   | (61,220)   | 61,220   | -          | -          |
| Counterparty 2                | (7,330)       | -   | (7,330)  | -  | 7,330      | -          |
| Counterparty 3                | (61,779)      | -   | (61,779)   | -  | 61,779     | -          |
|                               | (130,329)     | -   | (130,329)  | 61,220   | 69,109     | -          |

### Exemplar Investment Grade Fund - 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 |
|                               | \$            | \$  | \$   | \$   | \$         | \$         |
| <b>Financial assets:</b>      |               |   |  |  |            |            |
| Counterparty 1                | 734,187       | -   | 734,187  | (157,749)  | -          | 576,438    |
| Counterparty 2                | 12,133        | -   | 12,133   | (12,133)   | -          | -          |
| Counterparty 3                | 579           | -   | 579  | -  | -          | 579        |
|                               | 746,899       | -   | 746,899  | (169,882)  | -          | 577,017    |
| <b>Financial liabilities:</b> |               |   |  |  |            |            |
| Counterparty 1                | (157,749)     | -   | (157,749)  | 157,749  | -          | -          |
| Counterparty 2                | (106,385)     | -   | (106,385)  | 12,133   | 94,252     | -          |
| Counterparty 3                | -             | -   | -  | -  | -          | -          |
|                               | (264,134)     | -   | (264,134)  | 169,882  | 94,252     | -          |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Tactical Corporate Bond Fund - June 30, 2017

|                               | Gross amounts<br>\$ | Financial<br>instruments<br>eligible for offset<br>\$ | Net amounts<br>presented in the<br>Statement of<br>Financial Position<br>\$ | Related amounts not set-off in the<br>Statement of Financial Position |                  |                  |
|-------------------------------|---------------------|---|---|---|------------------|------------------|
|                               |                     |   |   | Financial<br>instruments<br>\$  | Collateral<br>\$ | Net amount<br>\$ |
| <b>Financial assets:</b>      |                     |   |   |   |                  |                  |
| Counterparty 1                | 504,483             | -   | 504,483   | (299,311)   | -                | 205,172          |
| Counterparty 2                | -                   | -   | -   | -   | -                | -                |
| Counterparty 3                | -                   | -   | -   | -   | -                | -                |
|                               | <u>504,483</u>      | <u>-</u>  | <u>504,483</u>  | <u>(299,311)</u>  | <u>-</u>         | <u>205,172</u>   |
| <b>Financial liabilities:</b> |                     |   |   |   |                  |                  |
| Counterparty 1                | (299,311)           | -   | (299,311)   | (299,311)   | -                | -                |
| Counterparty 2                | (2,061)             | -   | (2,061)   | -   | 2,061            | -                |
| Counterparty 3                | (4,078)             | -   | (4,078)   | -   | 4,078            | -                |
|                               | <u>(305,450)</u>    | <u>-</u>  | <u>(305,450)</u>  | <u>(299,311)</u>  | <u>6,139</u>     | <u>-</u>         |

### Exemplar Tactical Corporate Bond Fund - December 31, 2016

|                               | Gross amounts<br>\$ | Financial<br>instruments<br>eligible for offset<br>\$ | Net amounts<br>presented in the<br>Statement of<br>Financial Position<br>\$ | Related amounts not set-off in the<br>Statement of Financial Position |                  |                  |
|-------------------------------|---------------------|---|---|---|------------------|------------------|
|                               |                     |   |   | Financial<br>instruments<br>\$  | Collateral<br>\$ | Net amount<br>\$ |
| <b>Financial assets:</b>      |                     |   |   |   |                  |                  |
| Counterparty 1                | -                   | -   | -   | -   | -                | -                |
| Counterparty 2                | 777                 | -   | 777   | -   | -                | 777              |
|                               | <u>777</u>          | <u>-</u>  | <u>777</u>  | <u>-</u>  | <u>-</u>         | <u>777</u>       |
| <b>Financial liabilities:</b> |                     |   |   |   |                  |                  |
| Counterparty 1                | (430,434)           | -   | (430,434)   | -   | 430,434          | -                |
| Counterparty 2                |                     |   |   |   |                  |                  |
| Counterparty 3                | (29,917)            | -   | (29,917)  | -   | -                | (29,917)         |
|                               | <u>(460,351)</u>    | <u>-</u>  | <u>(460,351)</u>  | <u>-</u>  | <u>430,434</u>   | <u>(29,917)</u>  |

## 10. SECURITIES LENDING

The Funds' have entered into a security lending program 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 for the six month periods ended June 30, 2017 and 2016:

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

As at June 30, 2017

|   | Exemplar<br>Growth and<br>Income Fund<br>\$ | Exemplar<br>Investment<br>Grade Fund<br>\$ | Exemplar<br>Leaders<br>Fund<br>\$ | Exemplar<br>Performance<br>Fund<br>\$ | Exemplar<br>Tactical<br>Corporate<br>Bond Fund<br>\$ |
|---|---|--|-----------------------------------|---------------------------------------|--|
| <b>Non-Cash Collateral Coverage</b>             |   |  |                                   |                                       |  |
| Collateral received for securities on loan      | 2,166,163                                   | 415,067                                    | -                                 | 5,532,824                             | 319,094  |
| Market value of securities loaned               | (2,057,018)                                 | (394,380)                                  | -                                 | (5,266,793)                           | (303,688)  |
| Collateral in excess of securities loaned       | 109,145                                     | 20,687                                     | -                                 | 266,031                               | 15,406   |
| Collateral as a percentage of securities loaned | 105.3%                                      | 105.2%                                     | -                                 | 105.1%                                | 105.1%   |
| <b>Non-Cash Collateral Exposure</b>             |   |  |                                   |                                       |  |
| CAD   | 1,472,668                                   | 415,067                                    | -                                 | 4,701,382                             | 319,094  |
| USD   | 693,495                                     | -  | -                                 | 831,442                               | -  |
|   | 2,166,163                                   | 415,067                                    | -                                 | 5,532,824                             | 319,094  |

As at December 31, 2016

|   | Exemplar<br>Growth and<br>Income Fund<br>\$ | Exemplar<br>Investment<br>Grade Fund<br>\$ | Exemplar<br>Leaders<br>Fund<br>\$ | Exemplar<br>Performance<br>Fund<br>\$ | Exemplar<br>Tactical<br>Corporate<br>Bond Fund<br>\$ |
|---|---|--|-----------------------------------|---------------------------------------|--|
| <b>Non-Cash Collateral Coverage</b>             |   |  |                                   |                                       |  |
| Collateral received for securities on loan      | 276,448                                     | -  | 3,014,781                         | 2,792,775                             | -  |
| Market value of securities loaned               | (263,121)                                   | -  | (2,851,916)                       | (2,654,441)                           | -  |
| Collateral in excess of securities loaned       | 13,327                                      | -  | 162,865                           | 138,334                               | -  |
| Collateral as a percentage of securities loaned | 105.1%                                      | -  | 105.7%                            | 105.2%                                | -  |
| <b>Non-Cash Collateral Exposure</b>             |   |  |                                   |                                       |  |
| CAD   | 224,776                                     | -  | 1,766,869                         | 2,640,420                             | -  |
| USD   | 51,672                                      | -  | 1,247,912                         | 152,355                               | -  |
|   | 276,448                                     | -  | 3,014,781                         | 2,792,775                             | -  |

For the period ended June 30, 2017

|                                 | Exemplar<br>Growth and<br>Income Fund<br>\$ | Exemplar<br>Investment<br>Grade Fund<br>\$ | Exemplar<br>Leaders<br>Fund<br>\$ | Exemplar<br>Performance<br>Fund<br>\$ | Exemplar<br>Tactical<br>Corporate<br>Bond Fund<br>\$ |
|---------------------------------|---|--|-----------------------------------|---------------------------------------|--|
| <b>Income</b>                   |   |  |                                   |                                       |  |
| Securities lending income       | 28,841                                      | 1,140                                      | 42,926                            | 29,604                                | 11   |
| Withholding taxes               | (5,709)                                     | -  | (1,512)                           | (2,811)                               | -  |
| BNY mellon lending agent fees   | (9,251)                                     | (456)                                      | (16,562)                          | (10,715)                              | (4)  |
| Securities lending income (net) | 13,881                                      | 684  | 24,852                            | 16,078                                | 7  |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

For the period ended June 30, 2016

|  | Exemplar<br>Growth and<br>Income Fund | Exemplar<br>Investment<br>Grade Fund | Exemplar<br>Leaders<br>Fund | Exemplar<br>Performance<br>Fund | Exemplar<br>Tactical<br>Corporate<br>Bond Fund |
|--|---------------------------------------|--------------------------------------|-----------------------------|---------------------------------|--|
|  | \$                                    | \$                                   | \$                          | \$                              | \$   |

### Income

|                                 |       |         |         |         |   |
|---------------------------------|-------|---------|---------|---------|---|
| Securities lending income       | 1,205 | 3,774   | 7,507   | 7,229   | - |
| Withholding taxes               | (50)  | -       | (59)    | (55)    | - |
| BNY mellon lending agent fees   | (462) | (1,510) | (2,979) | (2,869) | - |
| Securities lending income (net) | 693   | 2,264   | 4,469   | 4,305   | - |

### 11. RELATED PARTY TRANSACTIONS

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

The Exemplar Growth and Income Fund invests in units of other funds managed by Arrow. The number of units owned by Exemplar Growth and Income Fund is summarized as follows:

| June 30, 2017                                    | Number of units | Fair Value (\$) | % of net assets<br>attributable to holders<br>of redeemable units |
|--|-----------------|-----------------|---|
| Exemplar Tactical Corporate Bond Fund – Series I | 292,150         | 2,981,381       | 15.4  |
| East Coast Investment Grade Income Fund          | 25,449          | 252,709         | 1.3   |

| December 31, 2016                                | Number of units | Fair Value (\$) | % of net assets<br>attributable to holders<br>of redeemable units |
|--|-----------------|-----------------|---|
| Exemplar Performance Fund – Series I             | 227,887         | 2,458,746       | 18.9  |
| Exemplar Tactical Corporate Bond Fund – Series I | 96,477          | 950,792         | 7.3   |
| Exemplar U.S. High Yield Fund - Series I         | 224,768         | 2,382,137       | 18.3  |

As of June 30, 2017, the number of units owned by the Manager of each Fund is summarized as follows:

|   | Number of units | Fair Value (\$) | % of net assets<br>attributable to holders<br>of redeemable units |
|---|-----------------|-----------------|---|
| Exemplar Growth and Income Fund – A               | 3,798           | 39,383          | 0.2   |
| Exemplar Growth and Income Fund – AN              | 12,410          | 130,929         | 0.7   |
| Exemplar Growth and Income Fund – FN              | 332,496         | 3,571,011       | 18.5  |
| Exemplar Investment Grade Fund – Series I         | 506             | 5,425           | 0.0   |
| Exemplar Leaders Fund – Series A                  | 1,136           | 47,954          | 0.1   |
| Exemplar Leaders Fund – Series F                  | 669             | 28,938          | 0.1   |
| Exemplar Performance Fund - Series F              | 871             | 11,153          | 0.0   |
| Exemplar Performance Fund - Series I              | 461             | 5,177           | 0.0   |
| Exemplar Tactical Corporate Bond Fund – Series F  | 4,807           | 45,087          | 0.1   |
| Exemplar Tactical Corporate Bond Fund – Series LI | 566             | 5,174           | 0.0   |
| Exemplar Tactical Corporate Bond Fund – Series M  | 106             | 1,076           | 0.0   |

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

As of December 31, 2016, the number of units owned by the Manager of each Fund is summarized as follows:

|   | Number of units | Amount (\$) | % of net assets attributable to holders of redeemable units |
|---|-----------------|-------------|---|
| Exemplar Growth and Income Fund - FN              | 246,782         | 2,618,357   | 20.1  |
| Exemplar Investment Grade Fund - Series I         | 506             | 5,265       | 0.0   |
| Exemplar Leaders Fund - Series A                  | 1,037           | 41,988      | 0.1   |
| Exemplar Leaders Fund - Series F                  | 669             | 27,630      | 0.1   |
| Exemplar Performance Fund - Series F              | 979             | 11,954      | 0.0   |
| Exemplar Tactical Corporate Bond Fund - Series F  | 4,692           | 43,776      | 0.1   |
| Exemplar Tactical Corporate Bond Fund - Series LI | 546             | 5,051       | 0   |
| Exemplar Tactical Corporate Bond Fund - Series M  | 104             | 1,047       | 0.0   |

### Management and Performance Fees

Management fees are calculated and accrued daily and paid monthly and are subject to HST (and any other applicable taxes). The management fee rates are as follows:

| Fund                                  | Series |      |      |      |      |      |      |      |      |      |      |      |      |      |      |
|---------------------------------------|--------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
|                                       | A      | AD   | AI   | AN   | U    | F    | FD   | FI   | FN   | G    | L    | LD   | LI   | LN   | M    |
|                                       | %      | %    | %    | %    | %    | %    | %    | %    | %    | %    | %    | %    | %    | %    | %    |
| Exemplar Growth and Income Fund       | 2.00   | n/a  | n/a  | 2.00 | n/a  | 1.00 | n/a  | n/a  | 1.00 | n/a  | 2.30 | n/a  | n/a  | 2.30 | n/a  |
| Exemplar Investment Grade Fund        | 1.30   | n/a  | 1.30 | 1.30 | 1.30 | 0.80 | n/a  | 0.80 | 0.80 | 0.80 | n/a  | n/a  | n/a  | n/a  | n/a  |
| Exemplar Leaders Fund                 | 1.80   | n/a  | n/a  | n/a  | n/a  | 0.80 | n/a  | n/a  | n/a  | n/a  | n/a  | n/a  | n/a  | n/a  | n/a  |
| Exemplar Performance Fund             | 2.00   | 2.00 | n/a  | n/a  | n/a  | 1.00 | 1.00 | n/a  | n/a  | n/a  | 2.30 | 2.30 | n/a  | n/a  | n/a  |
| Exemplar Tactical Corporate Bond Fund | 1.75   | n/a  | 1.75 | 1.75 | 1.75 | 1.00 | n/a  | 1.00 | 1.00 | 1.00 | 2.00 | n/a  | 2.00 | n/a  | 2.00 |

A holder of Series I units of a Fund, if applicable, pays a negotiated management fee directly to Arrow. The management fee in respect of Series I units will be different for each investor, and will not exceed 2.50% per year.

In addition, Exemplar Leaders Fund and Exemplar Performance Fund pay the Manager an annual performance fee (the "Performance Fee"), equal to 20% of the amount by which the Funds outperform their respective indices. The Performance Fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to HST (and any other applicable taxes). If the performance of a series of a Fund in any year is less than the performance of the indices described below (the "Return Deficiency"), then no Performance Fee will be payable in any subsequent year until the performance of the applicable series, on a cumulative basis calculated from the first of such subsequent years, has exceeded the amount of the Return Deficiency.

#### *Exemplar Leaders Fund*

The Exemplar Leaders Fund will pay Arrow an annual Performance Fee equal to a percentage of the average net asset value of Series A units and Series F units of the Fund. Such percentage will be equal to 20% of the difference by which the return in the net asset value per unit of the applicable series from January 1 to December 31 exceeds the greater of: (i) 0%; and (ii) the percentage return of the S&P/TSX Composite Total Return Index for the same period.

#### *Exemplar Performance Fund*

A Performance Fee will be payable in all circumstances where the performance of the Fund exceeds that of the S&P/TSX Composite Total Return Index, even in circumstances where the overall performance of the Fund has declined in a particular year, but as long as the performance of the Fund is positive since the last date that a performance fee was paid by the Fund. The S&P/TSX Composite Total Return Index is comprised of most of the largest companies on the Toronto Stock Exchange as measured by market capitalization with any distributions reinvested.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

Exemplar Growth and Income Fund does not charge a performance fee directly, although funds it invests in may be charged a performance fee.

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

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

|                                       | June 30, 2017   |                  | December 31, 2016 |                  |
|---------------------------------------|-----------------|------------------|-------------------|------------------|
|                                       | Management Fees | Performance Fees | Management Fees   | Performance Fees |
|                                       | \$              | \$               | \$                | \$               |
| Exemplar Growth and Income Fund       | 18,507          | n/a              | 15,105            | n/a              |
| Exemplar Investment Grade Fund        | 86,686          | n/a              | 49,906            | n/a              |
| Exemplar Leaders Fund                 | 47,748          | 3,043            | 48,267            | 2,420            |
| Exemplar Performance Fund             | 49,158          | 17,865           | 47,895            | 332              |
| Exemplar Tactical Corporate Bond Fund | 42,080          | n/a              | 38,789            | n/a              |

### 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 |
|---------------------------------------|---------------|---------------|
|                                       | \$            | \$            |
| Exemplar Growth and Income Fund       | 57,102        | 41,188        |
| Exemplar Investment Grade Fund        | 15,772        | 22,392        |
| Exemplar Leaders Fund                 | 18,411        | 12,548        |
| Exemplar Performance Fund             | 16,736        | 10,282        |
| Exemplar Tactical Corporate Bond Fund | 8,297         | 8,374         |

### Soft Dollar Commissions

Total commissions used to purchase market data services by the Funds for the periods ended June 30, 2017 and 2016 are as follows:

|                                       | June 30, 2017 | June 30, 2016 |
|---------------------------------------|---------------|---------------|
|                                       | \$            | \$            |
| Exemplar Growth and Income Fund       | 4,791         | -             |
| Exemplar Investment Grade Fund        | -             | -             |
| Exemplar Leaders Fund                 | 9,365         | 5,122         |
| Exemplar Performance Fund             | 9,913         | 4,962         |
| Exemplar Tactical Corporate Bond Fund | -             | -             |

## 12. TAXATION

The Funds qualify as mutual fund trusts under the Income Tax Act (Canada) ("Tax Act"). All of the Funds' net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses would not be reflected in the Statements of Financial Position as a deferred income tax asset.

|                                       | Non-Capital Loss* (\$) | Capital Loss** (\$) |
|---------------------------------------|------------------------|---------------------|
| Exemplar Growth and Income Fund       | -                      | -                   |
| Exemplar Investment Grade Fund        | 23,569                 | -                   |
| Exemplar Leaders Fund                 | -                      | -                   |
| Exemplar Performance Fund             | 494,638                | 449,796             |
| Exemplar Tactical Corporate Bond Fund | 131,368                | -                   |

\* 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 FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### 13. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase (decrease) in net assets attributable to holders of redeemable units per unit 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 units (\$) | Weighted average redeemable units outstanding during the period | Increase (decrease) in net assets attributable to holders of redeemable units per unit (\$) |
|---|--|---|---|
| Exemplar Growth and Income Fund – Series A        | 77,790   | 626,151   | 0.12  |
| Exemplar Growth and Income Fund – Series AN       | 38,578   | 146,388   | 0.26  |
| Exemplar Growth and Income Fund – Series F        | 28,153   | 153,522   | 0.18  |
| Exemplar Growth and Income Fund – Series FN       | 134,956  | 598,207   | 0.23  |
| Exemplar Growth and Income Fund – Series I        | 30,790   | 91,784  | 0.34  |
| Exemplar Growth and Income Fund – Series L        | 5,340  | 30,957  | 0.17  |
| Exemplar Growth and Income Fund – Series LN       | 2,199  | 18,572  | 0.12  |
| Exemplar Investment Grade Fund – Series A         | 375,273  | 2,002,651   | 0.19  |
| Exemplar Investment Grade Fund – Series AI        | 64,470   | 327,161   | 0.20  |
| Exemplar Investment Grade Fund – Series AN        | 82,067   | 382,211   | 0.21  |
| Exemplar Investment Grade Fund – Series F         | 1,120,249  | 5,368,795   | 0.21  |
| Exemplar Investment Grade Fund – Series FI        | 111,861  | 479,807   | 0.23  |
| Exemplar Investment Grade Fund – Series FN        | 112,253  | 566,039   | 0.20  |
| Exemplar Investment Grade Fund – Series I         | 158  | 506   | 0.31  |
| Exemplar Investment Grade Fund – Series G         | (44,718)   | 41,761  | (1.07)  |
| Exemplar Leaders Fund – Series A                  | 1,165,967  | 667,058   | 1.75  |
| Exemplar Leaders Fund – Series F                  | 462,957  | 233,393   | 1.98  |
| Exemplar Performance Fund – Series A              | 520,357  | 985,977   | 0.53  |
| Exemplar Performance Fund – Series AD             | 11,283   | 26,751  | 0.42  |
| Exemplar Performance Fund – Series F              | 888,038  | 1,578,003   | 0.56  |
| Exemplar Performance Fund – Series FD             | 18,885   | 40,128  | 0.47  |
| Exemplar Performance Fund – Series I              | 15,546   | 39,412  | 0.39  |
| Exemplar Performance Fund – Series L              | 212,637  | 463,141   | 0.46  |
| Exemplar Performance Fund – Series LD             | 9,037  | 29,323  | 0.31  |
| Exemplar Tactical Corporate Bond Fund – Series A  | 98,606   | 421,886   | 0.23  |
| Exemplar Tactical Corporate Bond Fund – Series AI | 9,068  | 51,825  | 0.17  |
| Exemplar Tactical Corporate Bond Fund – Series AN | 157,291  | 584,992   | 0.27  |
| Exemplar Tactical Corporate Bond Fund – Series F  | 500,311  | 1,933,430   | 0.26  |
| Exemplar Tactical Corporate Bond Fund – Series FI | 59,497   | 229,355   | 0.26  |
| Exemplar Tactical Corporate Bond Fund – Series FN | 224,082  | 795,578   | 0.28  |
| Exemplar Tactical Corporate Bond Fund – Series I  | 70,548   | 282,249   | 0.25  |
| Exemplar Tactical Corporate Bond Fund – Series L  | 22,830   | 103,865   | 0.22  |
| Exemplar Tactical Corporate Bond Fund – Series LI | 121  | 556   | 0.22  |
| Exemplar Tactical Corporate Bond Fund – Series U  | 578  | 6,400   | 0.09  |
| Exemplar Tactical Corporate Bond Fund – Series G  | (186)  | 1,314   | (0.14)  |
| Exemplar Tactical Corporate Bond Fund – Series M  | (13)   | 105   | (0.12)  |



# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

| June 30, 2016                                     | Increase (decrease) in net assets attributable to holders of redeemable units (\$) | Weighted average redeemable units outstanding during the period | Increase (decrease) in net assets attributable to holders of redeemable units per unit (\$) |
|---|--|---|---|
| Exemplar Growth & Income Fund - Series A          | 132,981  | 372,872   | 0.36  |
| Exemplar Growth & Income Fund - Series AN         | 33,261   | 66,141  | 0.50  |
| Exemplar Growth & Income Fund - Series F          | 66,235   | 141,758   | 0.47  |
| Exemplar Growth & Income Fund - Series FN         | 156,951  | 351,757   | 0.45  |
| Exemplar Growth & Income Fund - Series I          | 39,038   | 84,637  | 0.46  |
| Exemplar Growth & Income Fund - Series L          | 6,802  | 15,586  | 0.44  |
| Exemplar Growth & Income Fund - Series LN         | 3,569  | 8,337   | 0.43  |
| Exemplar Investment Grade Fund – Series A         | 341,217  | 1,469,766   | 0.23  |
| Exemplar Investment Grade Fund – Series AI        | 46,897   | 200,079   | 0.23  |
| Exemplar Investment Grade Fund – Series AN        | 62,175   | 229,752   | 0.27  |
| Exemplar Investment Grade Fund – Series F         | 679,787  | 3,015,871   | 0.23  |
| Exemplar Investment Grade Fund – Series FI        | 48,994   | 252,567   | 0.19  |
| Exemplar Investment Grade Fund – Series FN        | 46,541   | 166,829   | 0.28  |
| Exemplar Investment Grade Fund – Series I         | 10,413   | 36,754  | 0.28  |
| Exemplar Investment Grade Fund – Series G         | (1,606)  | 4,714   | (0.34)  |
| Exemplar Leaders Fund – Series A                  | (52,244)   | 702,383   | (0.07)  |
| Exemplar Leaders Fund – Series F                  | 72,071   | 225,365   | 0.32  |
| Exemplar Performance Fund – Series A              | (67,390)   | 863,306   | (0.08)  |
| Exemplar Performance Fund – Series AD             | (5,633)  | 27,960  | (0.20)  |
| Exemplar Performance Fund – Series F              | (52,268)   | 1,100,462   | (0.05)  |
| Exemplar Performance Fund – Series FD             | (2,697)  | 35,089  | (0.08)  |
| Exemplar Performance Fund – Series I              | (63,149)   | 326,344   | (0.19)  |
| Exemplar Performance Fund – Series L              | (29,790)   | 385,908   | (0.08)  |
| Exemplar Performance Fund – Series LD             | (1,742)  | 10,029  | (0.17)  |
| Exemplar Tactical Corporate Bond Fund – Series A  | 107,349  | 473,505   | 0.23  |
| Exemplar Tactical Corporate Bond Fund – Series AI | 6,185  | 29,612  | 0.21  |
| Exemplar Tactical Corporate Bond Fund – Series AN | 231,798  | 985,024   | 0.24  |
| Exemplar Tactical Corporate Bond Fund – Series F  | 413,141  | 1,453,793   | 0.28  |
| Exemplar Tactical Corporate Bond Fund – Series FI | 35,150   | 134,813   | 0.26  |
| Exemplar Tactical Corporate Bond Fund – Series FN | 144,154  | 577,930   | 0.25  |
| Exemplar Tactical Corporate Bond Fund – Series I  | 47,850   | 120,906   | 0.40  |
| Exemplar Tactical Corporate Bond Fund – Series L  | 12,679   | 88,537  | 0.14  |
| Exemplar Tactical Corporate Bond Fund – Series LI | 218  | 1,041   | 0.21  |
| Exemplar Tactical Corporate Bond Fund – Series U  | (1,676)  | 2,940   | (0.57)  |
| Exemplar Tactical Corporate Bond Fund – Series M  | (708)  | 1,250   | (0.57)  |

### 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

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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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 Funds 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 UNITHOLDERS AND TRUSTEE OF EXEMPLAR GROWTH AND INCOME FUND, EXEMPLAR INVESTMENT GRADE FUND, EXEMPLAR LEADERS FUND, EXEMPLAR PERFORMANCE FUND, AND EXEMPLAR TACTICAL CORPORATE BOND FUND (COLLECTIVELY THE "FUNDS")**

The accompanying unaudited financial statements have been prepared by Arrow Capital Management Inc. ("Arrow" or the "Manager" of the Funds), 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 Funds are described in Note 2 to the financial statements.

"James L. McGovern"

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

"Robert W. Maxwell"

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

**NOTICE TO UNITHOLDERS**

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

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

## **FUND INFORMATION**

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### **CUSTODIAN**

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### **AUDITOR**

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PwC Tower  
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