

### EXEMPLAR PERFORMANCE FUND

### ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2018

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

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

#### Forward-Looking Information

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

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

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

## **Management Discussion on Fund Performance**

### **Investment Objective and Strategies**

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

To achieve the investment objective the Fund invests predominantly in large and mid-capitalization Canadian companies. Generally, no more than 20% of the Fund is 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 Arrow. 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 investment advisor'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 may use derivatives such as options, forwards and futures for hedging and non-hedging purposes. Such derivatives may be used to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies as well as market risk. Derivatives may also be used to obtain exposure to individual securities and markets instead of buying securities directly. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law. Options acquired for non-hedging purposes will not constitute more than 10% of the net assets of the Fund. Generally, no more than 40% of the Fund's portfolio is expected to be invested outside of Canada.

The Fund may also engage in short selling as a result of relief obtained from the Canadian securities regulatory authorities. Generally speaking, short selling can provide the Fund with opportunities for gains when markets are volatile or declining. While short selling will be used by the Fund as a complement to its primary investment strategy (discussed above), Arrow will utilize the same fundamental analysis in determining whether securities of a particular issuer should be sold short. When the analysis produces a favourable outlook, the investment opportunity is considered for purchase. When the analysis produces an unfavourable outlook, the investment opportunity is considered for a short sale. The Fund will engage in short selling only within certain limits and conditions including: (i) the Fund will short sell only liquid securities that are traded on a stock exchange or certain government bonds, (ii) the Fund will limit its short sale exposure to any single issuer to 5% of the Fund's net assets and its aggregate short exposure to 20% of its net assets, (iii) the Fund will hold cash cover in an amount (including the Fund's assets deposited with lenders) up to 150% of the aggregate market value of all securities sold short, and (iv) the Fund will deposit collateral only with lenders which are regulated financial institutions or registered dealers in Canada.

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

### **Investment Risk**

The risks of investing in the Fund remain as stated in the Fund's simplified prospectus. There were no material changes to the Fund over the year that affected the overall level or risk.

This Fund is suitable for investors who seek the long term appreciation potential of Canadian companies and are comfortable with short selling. To invest in this Fund, investors should be able to accept a medium degree of risk.

### **Results of Operations**

For the year ended December 31, 2018, Series F units of the Fund delivered a loss 6.0% (gain of 10.4% in 2017) while the Canadian benchmark, the S&P TSX Composite Total Return Index, posted a loss of 8.9% (gain of 9.1% in 2017) for the

same year. Please refer to the Past Performance section for the performance of the other Series. The performance of the other Series offered by the Fund differs from Series F largely because of varying levels of expenses charged to each series, as explained in the Management Fee section.

The ebullient sentiment of 2017, driven by synchronized global growth, U.S. tax cuts and strong earnings results spilled over into the New Year, driving North American markets to record high levels. The initial euphoria exhausted itself by the end of January as investors faced a series of freshly minted political and economic challenges, principal among them being the growth deceleration among economies outside of the U.S. and the mounting trade tensions. Fears of tariff disputes escalating into trade wars were particularly worrisome to investors, as they have potential to inflict lasting deleterious consequences on economic prospects for years to come. The ensuing uncertainty led to increased market volatility and bouts of sector rotation which by the end of summer nonetheless resolved with markets moving higher, driven by exceptional earnings reports especially from growth and technology companies.

The U.S. central bank's effort to normalize interest rates has been a major concern for investors all year, as they feared the tight monetary policy might cause the yield curve to invert - which has historically preceded every recession. As evidence mounted that the U.S. would be unable to avoid the slowing economic pace gripping the rest of the world, it became the dominant view that the central bank policy lacked the flexibility to navigate the impending slowdown. Combined with stretched stock valuations that became ever more difficult to rationalize, the U.S. stock market finally sold off in the fall. Unlike the prevailing expectations, the sell-off never paused for a Santa Claus rally, but rather spiraled into a December nadir driven by momentum, profit-taking, weak liquidity and year-end maneuvering. The Fund was anticipating the weakness, having eliminated the majority of smaller cap positions and raising the cash level above 20%. In hindsight a more drastic surgery would have been appropriate, with a much heavier short position in the cyclical and financial sectors.

2019 is likely to be another year of heightened volatility; the upside driven by hopes of a negotiated resolution of the current trade conflict between China and the U.S., and the downside driven by potentially much weaker global economy than currently envisaged. We do not believe there will be a quick resolution of the structural issues that plague the trade relations between the two largest economies. In fact that process could take years to resolve, as the Chinese economy has become dependent on the misappropriated technology it gains from the trading partners. The best case scenario would be for China to narrow the trade deficit with U.S. by agreeing to purchase a larger amount of food and commodity imports from U.S., while continuing to negotiate a solution for the more contentious structural issues. In the absence of such minimal truce, the unresolved trade tensions would inflict additional damage to the global economic health.

The other major uncertainty likely to plague markets is whether the recent sell off has brought valuations to attractive levels. The answer will of course depend on the extent of the global economic weakness. If earnings continue to decelerate throughout the year on lack of economic momentum, the valuations might have to reset lower from current levels. We presently maintain a defensive positioning in the portfolio. Current market strength is allowing us to eliminate the remaining cyclical sector exposure while increasing exposure to defensive sectors - while maintain a healthy cash position. Going into 2019, we will look to increase our share positions and try to position the Fund more defensively based on where we are in the cycle.

### **Recent Developments**

There are no recent developments for the Fund.

### **Related Party Transactions**

As of December 31, 2018, Arrow held 871 Series F units and 461 Series I units of the Fund with a market value of \$16,274. This represents 0.0% of the net assets of the Fund.

### **Management Fees**

Arrow receives a monthly management fee (the "Management Fee") subject to HST (and any other applicable sales taxes), calculated as a percentage of the Fund's net asset value as of the close of business on each business day. The Management Fee rate applicable to the Fund is 2.0% per annum for Series A and AD units, 2.3% per annum for Series L and LD units and 1.0% per annum for Series F and FD units. The Fund is also authorized to issue Series I units, for which

the Management Fee is negotiable between Arrow and the dealer. For the year ended December 31, 2018, Management Fees charged to the Fund equaled \$628,200 (\$579,003 in 2017). The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. A portion of the Management Fee paid by the Fund is for trailer fees paid to dealers whose clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund's annual Management Fees and trailer fees.

ANNUAL RATE (%)	Series A	Series AD	Series L	Series LD	Series F	Series FD	Series I
Management Fees (Annual Rate)	2.0%	2.0%	2.3%	2.3%	1.0%	1.0%	Negotiable
Trailer Fees* (as a % of Management Fees)	49.8%	50.1%	25.4%	24.8%	-	-	-

\*Trailer fees calculation was changed from fund based to series based in 2018.

In addition, the Fund will pay the Manager a performance fee, accrued daily and paid annually, subject to HST (and any other applicable sales taxes), equal to 20% of the amount by which the Fund outperforms the S&P TSX Composite Total Return Index (the "Index"), even in circumstances where the overall performance of the Fund has declined. If the performance of a Series of the Fund in any year is less than the performance of the Index (the "Deficiency"), then no performance fee will be payable in any subsequent year until the performance of the applicable Series of the Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency. For the year ended December 31, 2018, the total performance fee equaled \$188 (\$5,515 in 2017).

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the year ended December 31, 2018, the Manager has, in its discretion, agreed to absorb \$nil (\$nil in 2017) of operating expenses associated with the Fund.

## Financial Highlights

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

SERIES A - NET ASSETS PER UNIT					
For the years ended December 31,					
	2018	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of year<sup>1</sup></b>	<b>\$ 13.05</b>	<b>\$ 11.95</b>	<b>\$ 11.65</b>	<b>\$ 10.90</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:					
Total revenue	0.18	0.22	0.15	0.20	0.10
Total expenses	(0.39)	(0.38)	(0.35)	(0.40)	(0.34)
Realized gains (loss)	0.18	0.38	(0.08)	(0.14)	(0.04)
Unrealized gains (loss)	(0.86)	0.90	0.70	0.80	0.92
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (0.89)</b>	<b>\$ 1.12</b>	<b>\$ 0.42</b>	<b>\$ 0.46</b>	<b>\$ 0.64</b>
<b>Distributions<sup>2</sup>:</b>					
From income (excluding dividends)	-	-	-	-	-
From capital gains	-	-	-	-	-
From return of capital	-	-	-	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets, end of year<sup>1</sup></b>	<b>\$ 12.13</b>	<b>\$ 13.05</b>	<b>\$ 11.95</b>	<b>\$ 11.65</b>	<b>\$ 10.90</b>

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

For the years ended December 31,

	2018	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$11,637	\$13,103	\$12,340	\$7,664	\$2,357
Number of units outstanding	959,407	1,004,422	1,032,860	657,788	216,367
Management expense ratio <sup>3 8</sup>	2.85%	2.90%	2.86%	3.78%	3.72%*
Management expense ratio before waivers or absorptions <sup>4 8</sup>	2.85%	2.90%	2.94%	4.45%	5.92%*
Portfolio turnover rate <sup>5</sup>	63.26%	86.85%	85.50%	115.60%	185.57%
Trading expense ratio <sup>6 8</sup>	0.13%	0.12%	0.12%	0.18%	0.19%*
Net asset value per unit	\$12.13	\$13.05	\$11.95	\$11.65	\$10.90

**SERIES AD - NET ASSETS PER UNIT**

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of year<sup>1</sup></b>	<b>\$ 10.52</b>	<b>\$ 9.82</b>	<b>\$ 9.77</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.14	0.17	0.12	(0.05)
Total expenses	(0.31)	(0.30)	(0.28)	0.10
Realized gains (loss)	0.15	0.29	(0.08)	0.04
Unrealized gains (loss)	(0.63)	0.74	0.46	(0.20)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (0.65)</b>	<b>\$ 0.90</b>	<b>\$ 0.22</b>	<b>\$ (0.11)</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	-	-	-	-
From capital gains	-	-	-	-
From return of capital	(0.21)	(0.20)	(0.20)	(0.15)
<b>Total distributions</b>	<b>\$ (0.21)</b>	<b>\$ (0.20)</b>	<b>\$ (0.20)</b>	<b>\$ (0.15)</b>
<b>Net Assets, end of year<sup>1</sup></b>	<b>\$ 9.60</b>	<b>\$ 10.52</b>	<b>\$ 9.82</b>	<b>\$ 9.77</b>

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

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$198	\$261	\$255	\$225
Number of units outstanding	20,674	24,830	25,946	23,041
Management expense ratio <sup>3 8</sup>	2.79%	2.82%	2.72%	2.85%*
Management expense ratio before waivers or absorptions <sup>4 8</sup>	2.79%	2.82%	2.81%	3.36%*
Portfolio turnover rate <sup>5</sup>	63.26%	86.85%	85.50%	115.60%
Trading expense ratio <sup>6 8</sup>	0.13%	0.12%	0.12%	0.18%*
Net asset value per unit	\$9.60	\$10.52	\$9.82	\$9.77

**SERIES F - NET ASSETS PER UNIT**

For the years ended December 31,

	2018	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of year<sup>1</sup></b>	<b>\$ 13.47</b>	<b>\$ 12.21</b>	<b>\$ 11.78</b>	<b>\$ 10.93</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:					
Total revenue	0.19	0.22	0.16	0.28	0.09
Total expenses	(0.26)	(0.25)	(0.23)	(0.54)	(0.31)
Realized gains (loss)	0.18	0.38	(0.07)	(0.19)	(0.04)
Unrealized gains (loss)	(0.98)	0.90	0.67	1.08	0.84
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (0.87)</b>	<b>\$ 1.25</b>	<b>\$ 0.53</b>	<b>\$ 0.63</b>	<b>\$ 0.58</b>
<b>Distributions<sup>2</sup>:</b>					
From income (excluding dividends)	-	-	-	-	-
From capital gains	-	-	-	-	-
From return of capital	-	-	-	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets, end of year<sup>1</sup></b>	<b>\$ 12.66</b>	<b>\$ 13.47</b>	<b>\$ 12.21</b>	<b>\$ 11.78</b>	<b>\$ 10.93</b>

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

For the years ended December 31,

	2018	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$25,474	\$22,713	\$19,431	\$10,828	\$4,960
Number of units outstanding	2,011,556	1,686,003	1,591,950	919,575	453,629
Management expense ratio <sup>3 8</sup>	1.75%	1.82%	1.77%	3.15%	3.47%*
Management expense ratio before waivers or absorptions <sup>4 8</sup>	1.75%	1.82%	1.86%	3.71%	5.47%*
Portfolio turnover rate <sup>5</sup>	63.26%	86.85%	85.50%	115.60%	185.57%
Trading expense ratio <sup>6 8</sup>	0.13%	0.12%	0.12%	0.18%	0.19%*
Net asset value per unit	\$12.66	\$13.47	\$12.21	\$11.78	\$10.93

**SERIES FD - NET ASSETS PER UNIT**

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of year<sup>1</sup></b>	<b>\$ 11.03</b>	<b>\$ 10.18</b>	<b>\$ 10.01</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.15	0.18	0.12	(0.04)
Total expenses	(0.20)	(0.20)	(0.19)	0.08
Realized gains (loss)	0.15	0.32	(0.06)	0.03
Unrealized gains (loss)	(0.73)	0.72	0.50	(0.16)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (0.63)</b>	<b>\$ 1.02</b>	<b>\$ 0.37</b>	<b>\$ (0.09)</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	-	-	-	-
From capital gains	-	-	-	-
From return of capital	(0.22)	(0.20)	(0.20)	(0.15)
<b>Total distributions</b>	<b>\$ (0.22)</b>	<b>\$ (0.20)</b>	<b>\$ (0.20)</b>	<b>\$ (0.15)</b>
<b>Net Assets, end of year<sup>1</sup></b>	<b>\$ 10.18</b>	<b>\$ 11.03</b>	<b>\$ 10.18</b>	<b>\$ 10.01</b>

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

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$443	\$487	\$401	\$336
Number of units outstanding	43,517	44,102	39,436	33,506
Management expense ratio <sup>3,8</sup>	1.69%	1.70%	1.76%	1.87%*
Management expense ratio before waivers or absorptions <sup>4,8</sup>	1.69%	1.70%	1.85%	2.21%*
Portfolio turnover rate <sup>5</sup>	63.26%	86.85%	85.50%	115.60%
Trading expense ratio <sup>6,8</sup>	0.13%	0.12%	0.12%	0.18%*
Net asset value per unit	\$10.18	\$11.03	\$10.18	\$10.01

**SERIES I - NET ASSETS PER UNIT**

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of year<sup>1</sup></b>	<b>\$ 11.94</b>	<b>\$ 10.79</b>	<b>\$ 10.28</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.17	0.16	0.12	0.02
Total expenses	(0.08)	(0.07)	(0.07)	(0.04)
Realized gains (loss)	0.16	0.13	(0.09)	(0.01)
Unrealized gains (loss)	(0.82)	0.58	0.25	0.07
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (0.57)</b>	<b>\$ 0.80</b>	<b>\$ 0.21</b>	<b>\$ 0.04</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	-	-	-	-
From capital gains	-	-	-	-
From return of capital	-	-	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets, end of year<sup>1</sup></b>	<b>\$ 11.38</b>	<b>\$ 11.94</b>	<b>\$ 10.79</b>	<b>\$ 10.28</b>

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

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$5	\$6	\$2,459	\$4,875
Number of units outstanding	461	461	227,887	474,210
Management expense ratio <sup>3,8</sup>	0.49%	0.56%	0.53%	0.84%*
Management expense ratio before waivers or absorptions <sup>4,8</sup>	0.49%	0.56%	0.62%	1.02%*
Portfolio turnover rate <sup>5</sup>	63.26%	86.85%	85.50%	115.60%
Trading expense ratio <sup>6,8</sup>	0.13%	0.12%	0.12%	0.18%*
Net asset value per unit	\$11.38	\$11.94	\$10.79	\$10.28

**SERIES L - NET ASSETS PER UNIT**

For the years ended December 31,

	2018	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of year<sup>1</sup></b>	<b>\$ 11.96</b>	<b>\$ 10.99</b>	<b>\$ 10.76</b>	<b>\$ 10.14</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:					
Total revenue	0.16	0.20	0.13	(0.02)	0.03
Total expenses	(0.41)	(0.39)	(0.36)	0.03	(0.10)
Realized gains (loss)	0.16	0.27	(0.07)	0.01	(0.01)
Unrealized gains (loss)	(0.66)	0.79	0.66	(0.05)	0.27
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (0.75)</b>	<b>\$ 0.87</b>	<b>\$ 0.36</b>	<b>\$ (0.03)</b>	<b>\$ 0.19</b>
<b>Distributions<sup>2</sup>:</b>					
From income (excluding dividends)	-	-	-	-	-
From capital gains	-	-	-	-	-
From return of capital	-	-	-	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets, end of year<sup>1</sup></b>	<b>\$ 11.08</b>	<b>\$ 11.96</b>	<b>\$ 10.99</b>	<b>\$ 10.76</b>	<b>\$ 10.14</b>

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

For the years ended December 31,

	2018	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$2,728	\$3,697	\$5,051	\$2,935	\$204
Number of units outstanding	246,284	309,149	459,491	272,741	20,124
Management expense ratio <sup>3 8</sup>	3.21%	3.27%	3.23%	3.58%	5.46%*
Management expense ratio before waivers or absorptions <sup>4 8</sup>	3.21%	3.27%	3.32%	4.21%	6.60%*
Portfolio turnover rate <sup>5</sup>	63.26%	86.85%	85.50%	115.60%	185.57%
Trading expense ratio <sup>6 8</sup>	0.13%	0.12%	0.12%	0.18%	0.19%*
Net asset value per unit	\$11.08	\$11.96	\$10.99	\$10.76	\$10.14

**SERIES LD - NET ASSETS PER UNIT**

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of year<sup>1</sup></b>	<b>\$ 10.68</b>	<b>\$ 10.00</b>	<b>\$ 9.97</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.15	0.18	0.12	(0.07)
Total expenses	(0.35)	(0.35)	(0.31)	0.14
Realized gains (loss)	0.16	0.36	(0.07)	0.05
Unrealized gains (loss)	(0.58)	0.71	0.45	(0.28)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (0.62)</b>	<b>\$ 0.90</b>	<b>\$ 0.19</b>	<b>\$ (0.16)</b>
<b>Distributions<sup>2</sup>:</b>				
From income (excluding dividends)	-	-	-	-
From capital gains	-	-	-	-
From return of capital	(0.21)	(0.20)	(0.20)	(0.15)
<b>Total distributions</b>	<b>\$ (0.21)</b>	<b>\$ (0.20)</b>	<b>\$ (0.20)</b>	<b>\$ (0.15)</b>
<b>Net Assets, end of year<sup>1</sup></b>	<b>\$ 9.72</b>	<b>\$ 10.68</b>	<b>\$ 10.00</b>	<b>\$ 9.97</b>



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

For the years ended December 31,

	2018	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$206	\$472	\$92	\$100
Number of units outstanding	21,210	44,217	9,179	10,010
Management expense ratio <sup>3,8</sup>	3.12%	3.23%	3.04%	3.25%*
Management expense ratio before waivers or absorptions <sup>4,8</sup>	3.12%	3.23%	3.13%	3.83%*
Portfolio turnover rate <sup>5</sup>	63.26%	86.85%	85.50%	115.60%
Trading expense ratio <sup>6,8</sup>	0.13%	0.12%	0.12%	0.18%*
Net asset value per unit	\$9.72	\$10.68	\$10.00	\$9.97

<sup>†</sup>The Fund was launched on March 6, 2014. Series A and F units began operations on March 24, 2014. Series L units began operations on July 8, 2014. Series AD units began operations on May 28, 2015. Series FD units began operations on April 29, 2015. Series LD units began operations on May 14, 2015. Series I units began operations on March 25, 2015.

\*Ratios have been annualized.

1. The net assets per unit shown are referenced to net assets attributable to holders of redeemable units determined in accordance with International Financial Reporting Standards ("IFRS") and are derived from the Fund's financial statements. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
2. Distributions, if applicable, were reinvested in additional units of the Fund at the discretion of the underlying unitholders.
3. Management expense ratio is based on total expenses (excluding certain taxes, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The management expense ratio is calculated in accordance with Part 15 of NI 81-106 and therefore includes performance fees.
4. The Manager may absorb certain expenses or waive certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived (if applicable) is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The Fund's portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.
8. The management expense ratio, management expense ratio before waivers or absorptions and trading expense ratio for the years ended 2016, 2015 and 2014 have been restated to reflect the reclassification of certain custodial transaction costs related to the purchase and sale of securities.

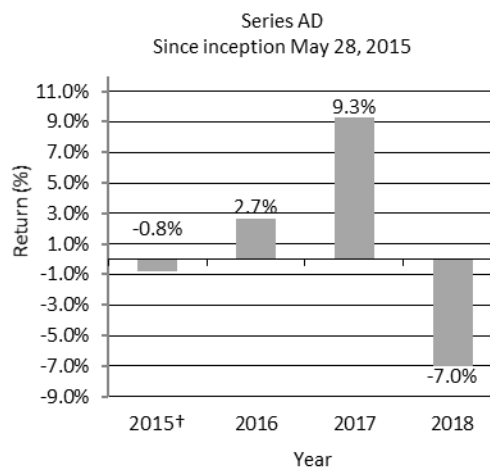
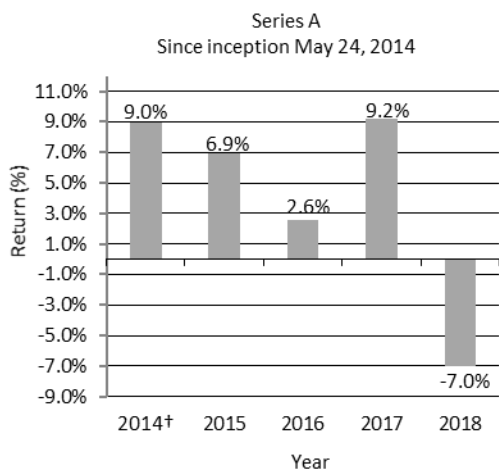
## Past Performance

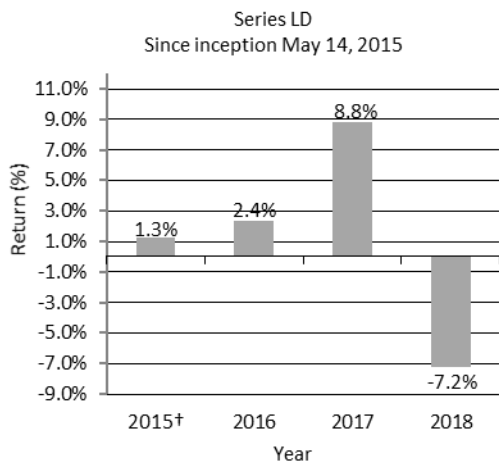
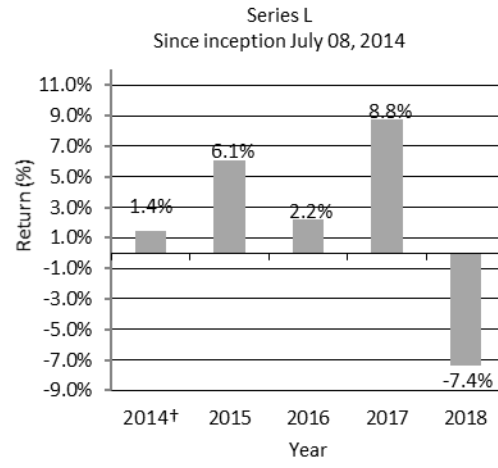
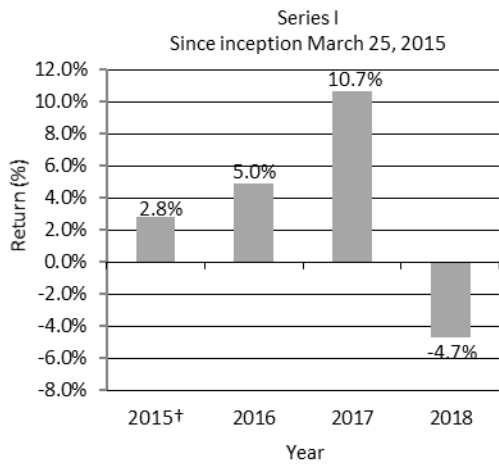
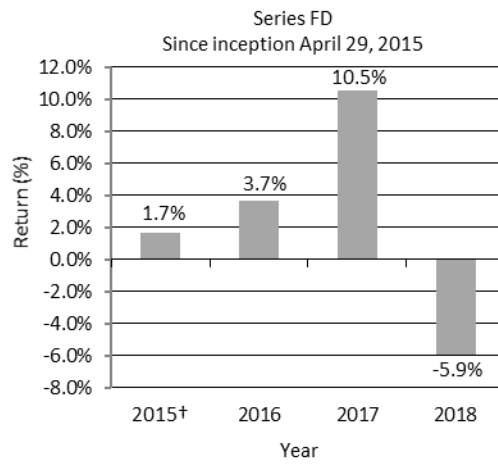
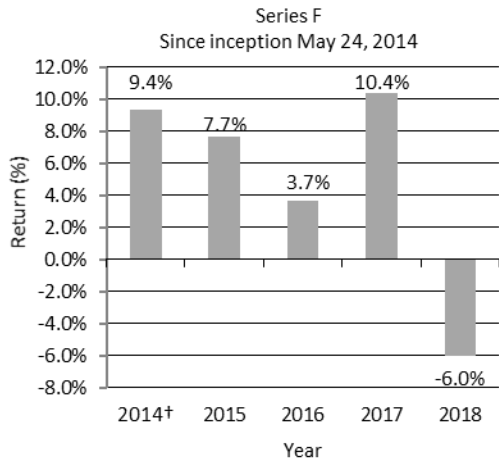
The performance information shown below assumes that all distributions, if any, made by the Fund in the period shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital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

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

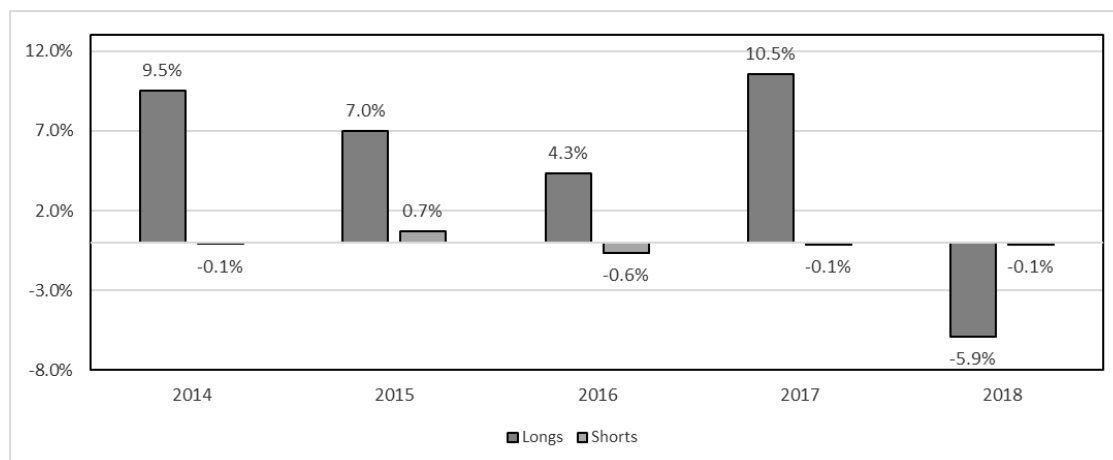
## Year-By-Year Returns

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





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



### Annual Compound Returns (Compound Performance)

The following table shows the total returns of the Fund and for the S&P/TSX Composite Total Return Index (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange) for the years shown ended December 31, 2018. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

	1 Year	3 Years	Annualized Since Inception
Series A	(7.0%)	1.3%	4.1%
Series AD	(7.0%)	1.4%	1.0%
Series F	(6.0%)	2.5%	5.1%
Series FD	(5.9%)	2.5%	2.7%
Series I	(4.7%)	3.4%	3.5%
Series L	(7.4%)	1.0%	2.3%
Series LD	(7.2%)	1.1%	0.8%
S&P/TSX Composite Total Return Index	(8.9%)	6.4%	3.0%

## Summary of Investment Portfolio as at December 31, 2018

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

Industry Sector	Exposure (%)		Top 25 Holdings	%
	Long	Short		
Communication Services	0.8	0.0	Cash and Cash Equivalents	40.6%
Consumer Discretionary	3.4	(0.3)	Boyd Group Income Fund	7.0%
Consumer Staples	3.4	0.0	Burford Capital Ltd.	2.7%
Energy	6.0	(0.0)	CCL Industries Inc., Class 'B'	2.4%
Financials	5.1	(0.2)	StorageVault Canada Inc.	2.3%
Funds	3.8	(1.7)	Canadian Pacific Railway Ltd.	2.0%
Health Care	3.4	(0.0)	Zoetis Inc.	1.7%
Industrials	14.0	(0.2)	Park Lawn Corp.	1.7%
Information Technology	10.4	0.0	AG Growth International Inc.	1.6%
Materials	5.0	(0.0)	Descartes Systems Group Inc. (The)	1.6%
Real Estate	2.7	0.0	Shopify Inc., Class 'A'	1.5%
Utilities	3.9	(0.0)	Visa Inc., Class 'A'	1.5%
Cash and Cash Equivalents	40.6	-	Brookfield Infrastructure Partners L.P.	1.5%
Other Net Assets	-	(0.1)	Brookfield Infrastructure Partners L.P.	1.4%
<b>Totals</b>	<b>102.5</b>	<b>(2.5)</b>	TransCanada Corp.	1.4%
			Parex Resources Inc.	1.3%
			SPDR Gold Shares	1.1%
			Northland Power Inc.	1.1%
			Adobe Inc.	1.1%
			E*TRADE Financial Corp.	1.0%
			Square Inc., Class 'A'	0.9%
			Kirkland Lake Gold Ltd.	0.9%
			CAE Inc.	0.8%
			Vanguard REIT ETF	0.8%
			Constellation Brands Inc., Class 'A'	0.8%
			<b>Total (%)</b>	<b>80.7%</b>
			<b>Total Net Asset Value (in \$ millions)</b>	<b>40.7</b>