



EXEMPLAR MUTUAL FUNDS

Annual Information Form

EXEMPLAR GROWTH AND INCOME FUND (Series A, AN, F, FN, I, L, LN and ETF units)

EXEMPLAR INVESTMENT GRADE FUND (Series A, AI, AN, U, F, FI, FN, G, I and ETF units)

EXEMPLAR LEADERS FUND (Series A and F units)

EXEMPLAR PERFORMANCE FUND (Series A, AD, F, FD, I, L and LD units)

EXEMPLAR TACTICAL CORPORATE BOND FUND (Series A, AI, AN, U, F, FI, FN, G, I, and L units)

July 5, 2018

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

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NAME, FORMATION AND HISTORY OF THE FUNDS

The Funds

This annual information form relates to the Exemplar Growth and Income Fund, the Exemplar Investment Grade Fund, the Exemplar Leaders Fund, the Exemplar Performance Fund and the Exemplar Tactical Corporate Bond Fund (each a “Fund” or, collectively, the “Funds”). The head office of the Funds is 36 Toronto Street, Suite 750 Toronto, Ontario M5C 2C5.

The Funds are open end investment fund trusts created under the laws of Ontario and are governed by an amended and restated declaration of trust (as amended from time to time, the “Declaration of Trust”) bearing the dates set out below:

| Inception Date | Name Changes | Changes to Declaration of Trust | Mergers with Other Funds |
|--|--|--|---|
| <p>August 27, 2007 (Exemplar Leaders Fund)</p> <p>May 31, 2012 (Exemplar Yield Fund)</p> <p>March 6, 2014 (Exemplar Performance Fund)</p> <p>June 27, 2014 (Exemplar Tactical Corporate Bond Fund)</p> <p>June 27, 2014 (Exemplar Investment Grade Fund)</p> <p>March 16, 2015 (Exemplar Growth and Income Fund)</p> <p>October 19, 2012 (Exemplar U.S. High Yield Fund) (formerly RRF Trust)</p> | <p>November 26, 2010, Northern Rivers Conservative Growth Fund changed its name to Exemplar Leaders Fund.</p> <p>March 16, 2016, Exemplar U.S. High Yield Fund (formerly RRF Trust), established as an investment fund under the laws of the Province of Ontario by a declaration of trust dated October 29, 2012 as amended and restated on November 19, 2012, changed its name to Exemplar U.S. High Yield Fund.</p> | <p>August 24, 2011, the Declaration of Trust was amended and restated to, among other things, allow for the addition of additional trusts thereunder, including the newly created the Exemplar Global Infrastructure Fund. The right to manage the Exemplar Global Infrastructure Fund was subsequently sold by Arrow in March 2014.</p> <p>May 31, 2012, the Declaration of Trust was amended to include the newly created Exemplar Yield Fund and Exemplar Timber Fund. The right to manage the Exemplar Timber Fund was subsequently sold by us in March 2014.</p> <p>June 28, 2013, the Declaration of Trust was amended to include the newly created Exemplar Global Agriculture Fund. The right to manage the Exemplar Global Agriculture Fund was subsequently sold by us in March 2014.</p> <p>March 6, 2014, the Declaration of Trust was amended to include the newly created Exemplar Performance Fund and Exemplar Real Assets Fund.</p> <p>June 27, 2014, the Declaration of Trust was amended to include the newly created Exemplar Tactical Corporate Bond Fund and Exemplar Investment Grade Fund and to reflect the sale and removal of Exemplar Global Infrastructure Fund, Exemplar Timber Fund and Exemplar Global Agriculture Fund from the Declaration of Trust effective March 31, 2014 as RBC Investor Services Trust and Sprott Asset Management LLP assumed the role of trustee and manager, respectively, on March 31, 2014.</p> | <p>April 30, 2009, Northern Rivers Evolution Fund merged into Northern Rivers Conservative Growth Fund.</p> <p>November 26, 2010, BluMont Canadian Fund merged into Northern Rivers Conservative Growth Fund.</p> <p>September 14, 2012, Exemplar Market Neutral Portfolio merged into Exemplar Yield Fund.</p> <p>November 30, 2015, Exemplar Yield Fund merged into Exemplar Growth and Income Fund.</p> <p>February 28, 2017 Exemplar U.S. High Yield Fund merged into Exemplar Growth and Income Fund.</p> |

| Inception Date | Name Changes | Changes to Declaration of Trust | Mergers with Other Funds |
|----------------|--------------|--|--------------------------|
| | | <p>March 16, 2015, the Declaration of Trust was amended to reflect the termination of the Exemplar Real Assets Fund on December 24, 2014 and to include the newly created Exemplar Growth and Income Fund. Prior to their re-designation on March 16, 2015, Series AN, Series FN and LN of the Exemplar Performance Fund were named Series A, Series F and Series L.</p> <p>June 29, 2015, the Declaration of Trust was amended to reflect the newly created Series U, G, and M units in the Exemplar Tactical Corporate Bond Fund and the newly created Series U, and G units in the Exemplar Investment Grade Fund. Prior to their re-designation on June 29, 2015, Series A, F and L of Exemplar Performance Fund were named Series AN, FN and LN, respectively, and Series AD, FD and LD of Exemplar Performance Fund were named Series A, F and L, respectively.</p> <p>March 16, 2016, the Declaration of Trust was amended to reflect (i) the merger of the Exemplar Yield Fund into the Exemplar Growth and Income Fund that was effective November 30, 2015, (ii) the transfer of RRF Trust to the Declaration of Trust and (iii) the name change to Exemplar U.S. High Yield Fund.</p> <p>May 29, 2017, the Declaration of Trust was amended to reflect the merger of the Exemplar U.S. High Yield Fund into the Exemplar Growth and Income Fund that was effective February 28, 2017.</p> <p>November 17, 2017, the Declaration of Trust was amended to create a new series of units designated as Series ETF units in the Exemplar Investment Grade Fund.</p> <p>July 5, 2018, the Declaration of Trust was amended to create a new series of units designated as Series ETF Units in the Exemplar Growth and Income Fund and to reflect the winding down of Series LI and M units in the Exemplar Tactical Corporate Bond Fund.</p> | |

History of the Manager

As described below, Arrow Capital Management Inc. (“Arrow”, “us”, “our”, “we” or the “Manager”) is the administrative manager of the Funds:

| <u>Effective Date</u> | <u>Event</u> |
|-----------------------|--|
| February 23, 2010 | BluMont Capital Corporation (“ BluMont ”) acquired all of the shares of Northern Rivers Capital Management Inc. |
| April 1, 2010 | Northern Rivers Capital Management Inc. and BluMont were amalgamated. |
| December 2, 2013 | Arrow acquired all the outstanding shares of BluMont, resulting in a change of control of BluMont. |
| April 1, 2014 | BluMont and Arrow were amalgamated and Arrow Capital Management Inc. became the manager of the Funds. |

The principal office of the Manager is located at 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5.

INVESTMENT RESTRICTIONS

Restrictions under NI 81-102

Subject always to compliance with their fundamental investment objectives, the Funds have adopted and are managed in accordance with the standard investment restrictions and practices set out in securities legislation, including National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”) (being the code established by the Canadian Securities Administrators to generally govern mutual funds whose securities are offered by prospectus in Canada), which are designed in part to ensure that the Funds’ investments are diversified and relatively liquid and to ensure the proper administration of the Funds.

In connection with the merger of BluMont Canadian Fund with the Exemplar Leaders Fund, which was effective as of November 26, 2010, the Manager relied on the approval of the independent review committee (the “**IRC**”) in connection with such reorganization. In connection with the merger of Exemplar Market Neutral Portfolio with the Exemplar Yield Fund, which was effective as of September 14, 2012, the Manager relied on the approval of the IRC in connection with such reorganization.

Investment in Other Mutual Funds

From time to time the Funds may invest in other investment funds and may purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on the securities of other investment funds. Such investments may be entered into in conjunction with other strategies and investments in a manner considered most appropriate to achieving the Funds’ investment objectives and enhancing returns as permitted by securities regulations. Those other investment funds may or may not be managed by the Manager or an affiliate or associate of the Manager. No percentage of net assets is dedicated to such investments. Accordingly, all the assets of the Funds may be invested in other investment funds in accordance with securities legislation including NI 81-102.

Short-Selling

The Funds may also engage in short selling as permitted by securities regulations. A “short sale” is where a Fund borrows securities from a securities lender and then sells the securities in the open market (or “sells short” the securities). The proceeds from the short sale are deposited with the lender as collateral and the Fund pays interest to the lender for the securities it has borrowed. At a later date, the same number of securities are repurchased by the Fund and returned to the securities lender. If the value of the securities goes down between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund makes a profit on

the difference (less the interest the Fund is required to pay to the lender). Short selling provides the Funds with an opportunity to control volatility and enhances performance in declining or volatile markets.

There are risks associated with short selling, namely that the securities will rise in value or not decline enough to cover a Fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. In addition, the lender could become bankrupt before the transaction is complete, causing the Fund to forfeit the collateral it deposited when it borrowed the securities. However, Arrow will manage the risks associated with short selling using several controls, including:

- Securities will be sold short only for cash.
- A security sold short shall not be: (i) a security that a Fund is otherwise not permitted to purchase at the time of the short sale transaction; (ii) an illiquid asset; or (iii) a security of an investment fund unless the security is an index participation unit.
- At the time securities of a particular issuer are sold short by a Fund, the Fund will have borrowed or arranged to borrow from a borrowing agent the security that is to be sold under the short sale transaction.
- At the time securities of a particular issuer are sold short by a Fund, the aggregate market value of all securities of that issuer sold short will not exceed 5% of the net assets of the Fund and the aggregate market value of all securities sold short by a Fund will not exceed 20% of the net assets of the Fund.
- The Fund may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. The Fund also will hold cash cover in an amount, including the Fund's assets deposited with lenders, that is at least 150% of the aggregate market value of all securities it sold short on a daily marked-to-market basis.
- No proceeds from short sales will be used by a Fund to purchase long positions other than securities that qualify as cash cover.

Investing in Permitted ETFs

Each Fund has obtained permission from the regulators to invest up to 10% of its net assets (taken at market value at the time of the investment) in exchange traded funds listed on a Canadian or United States stock exchange that seek to replicate the daily performance of either: (a) a widely-quoted market index (i) in an inverse multiple of 100%, or (ii) by a multiple of up to 200% or an inverse multiple of up to 200% (in either case, a "**Leveraged ETF**"); or (b) gold or silver on an unlevered basis (a "**Commodity ETF**" and, together with Leveraged ETFs, "**Permitted ETFs**"). In each case: (a) the investment will be made by the Fund in accordance with its investment objective; (b) the Fund will not short sell securities of any Permitted ETF; (c) the aggregate investment by the Fund in Leveraged ETFs will not exceed 10% of the Fund's net asset value, taken at market value at the time of purchase; (d) the Fund will not purchase securities of a Permitted ETF or short sell securities of any issuer if, immediately after such purchase or short sale, more than 20% of the net assets of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of Permitted ETFs and all securities sold short by the Fund; and (e) the Fund will not purchase securities of a Commodity ETF if, immediately after such purchase, more than 10% of the net assets of the Fund, taken at market value or market exposure at the time of the purchase, would consist of, in aggregate, gold, silver, permitted gold certificates, permitted silver certificates, specified derivatives of which the underlying interest is gold or silver, and Commodity ETFs.

Use of Cleared Swaps

On behalf of the Funds we have obtained an exemption for the Funds from the counterparty credit rating requirement, the counterparty exposure threshold and the custodial requirements set out in NI 81-102 in order to permit the Funds to clear certain swaps, such as interest rate and credit default swaps, entered into with futures commission merchants (each an "**FCM**") that are subject to U.S. or European clearing requirements and to deposit

cash and other assets directly with the FCM, and indirectly with a clearing corporation, as margin for such swaps. In the case of FCMs in Canada, the FCM must be a member of the Canadian Investor Protection Fund and the amount of margin deposited, when aggregated with the other amount of margin already held by the FCM, must not exceed 10% of the net asset value of the Fund at the time of the deposit. In the case of FCMs outside of Canada, the FCM must be a member of a clearing corporation and subject to a regulatory audit, the FCM must have a net worth (determined from audited financial statements or other publicly available financial information) in excess of \$50 million and the amount of margin deposited, when aggregated with the other amount of margin already held by the FCM, must not exceed 10% of the net asset value of the Fund at the time of the deposit.

Relief with Respect to Cover for Derivative Positions

The Funds have obtained an exemption from NI 81-102 to permit the Funds to:

- Use as cover, when the Fund has a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract:
 - cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative,
 - a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and cover that together with margin on account for the position, is not less than the amount, if any, by which the price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest, or
 - a combination of the positions referred to immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract,
- Use as cover, when the Fund has a right to receive payments under a swap:
 - cash cover, in an amount that, together, with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap,
 - a right or obligation to enter into a swap on an equivalent quantity and with an equivalent term and cover that, together with margin on account for the position, is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap, or
 - a combination of the positions referred to immediately above that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the swap.

The exemptions described above, are subject to the condition that the Fund will not (i) purchase a debt-like security that has an option component or an option, or (ii) purchase or write an option to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102, if immediately after the purchase or writing of such option, more than 10% of the net assets of the Fund, taken at market value at the time of the transaction, would be in the form of (1) purchased debt-like securities that have an option component or purchased options, in each case, held by the Fund for purposes other than hedging, or (2) options used to cover any positions under section 2.8(1)(b), (c), (d), (e) and (f) of NI 81-102.

Relief with Respect to the Offering of Series ETF Units

The Funds have obtained relief from applicable securities laws in connection with the offering of Series ETF units to:

- (i) relieve the Funds from (a) the requirement to prepare and file a long form prospectus for the Series ETF units in accordance with National Instrument 41-101 – *General Prospectus Requirements* in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus*, subject to the terms of the relief, provided that the Funds file a prospectus for the Series ETF units in accordance with the provisions of National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*, other than the requirements pertaining to the filing of a fund facts document;
- (ii) relieve the Funds from the requirement that a prospectus offering Series ETF units contain a certificate of the underwriters;
- (iii) relieve a person or company purchasing Series ETF units of a Fund in the normal course through the facilities of the Toronto Stock Exchange (“TSX”) or another exchange from the take-over bid requirements of Canadian securities legislation;
- (iv) permit each Fund that offers Series ETF units to borrow cash from the custodian of the Fund (the “Custodian”) and, if required by the Custodian, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to unitholders that represents, in the aggregate, amounts that are owing to, but not yet been received by, the Fund; and
- (v) treat the Series ETF and the mutual fund series of a Fund as if such series were two separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of NI 81-102.

Additionally, certain dealers of the Funds, including the Designated Brokers (as defined below) and ETF Dealers (as defined below), have received relief from the Canadian securities regulatory authorities from the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the securities legislation of the provinces and territories applies, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement. As a condition of this relief, the dealer is required to deliver a copy of the ETF summary document of the applicable fund to a purchaser if the dealer does not deliver a copy of the fund’s simplified prospectus.

Use of Derivatives

The Funds may invest in or use derivative instruments that are consistent with their investment objectives to the extent and for the purposes permitted by the Canadian Securities Administrators. The Funds may only make use of “specified derivatives” within the meaning of NI 81-102.

Specifically, the Funds may use derivatives with the intention to offset or reduce a risk associated with an investment or group of investments. In addition, the Funds may use derivatives rather than direct investments to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes. Derivatives may be used to position the relevant investment portfolio so that it may profit from declines in financial and currency markets. Derivatives will not be used to create a portfolio with excess leverage, and cash equivalents will be held to fully support all derivative positions. A Fund’s ability to trade in specified derivatives is subject to the portfolio advisor or sub-advisor, as applicable, of such Fund meeting and maintaining applicable registration and proficiency requirements for advising with respect to such trading. In the case of futures and forward contracts, or other derivative instruments, there can be no assurance that a liquid exchange or over-the-counter market will exist to permit a Fund from realizing profits or limiting losses when buying or selling the contracts.

In order to hedge against currency exchange rate risks, the Funds may enter into forward currency exchange contracts (“currency forwards”) not exceeding one year in duration as described below. The Funds may also conduct its currency transactions on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market. The Funds may enter into currency forwards to attempt to minimize the risk to the Funds from adverse changes in the relationship between the Canadian dollar and other currencies. A currency forward is an obligation to purchase or sell a specific currency for an agreed price at a future date that is individually negotiated and privately traded by currency traders and their customers. The Fund may enter into a currency forward, for example, when it enters into a contract for the purchase or sale of a security denominated in a currency other than the Canadian dollar in order to “lock in” the Canadian dollar price of the security. When the portfolio advisor or sub-advisor of a Fund believes that a currency may suffer a substantial decline against the Canadian dollar, it may enter into a currency forward to sell an amount of that currency or another currency that acts as a proxy for that currency approximating the market value of some or all of that Fund’s portfolio securities denominated in that currency. When the portfolio advisor or sub-advisor believes that the Canadian dollar may suffer a substantial decline against another currency, the Funds may also enter into a currency forward to buy that currency for a fixed Canadian dollar amount. Currency forwards may limit potential gain from a positive change in the relationship between the Canadian dollar and other currencies.

A Fund will be subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange-traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is the risk of loss by a Fund of margin deposits in the event of bankruptcy of a dealer with whom a Fund has an open position in an option or futures or forward contract. Derivative instruments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets. The ability of a Fund to close out positions may also be affected by exchange-imposed daily trading limits on futures contracts. If a Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the futures or forward contract terminates, as the case may be. The inability to close out futures and forward positions also could have an adverse impact on a Fund’s ability to use derivative instruments to effectively hedge its portfolio or implement its investment strategy. Derivatives can decline in value similar to other investments; the decline in value may be greater than the decline in the value of the underlying security. A derivatives price can be impacted by factors other than its underlying security. These factors, such as speculative investing by other parties, may negatively impact the value of a Fund.

Changes To Fundamental Investment Objectives

A change in a Fund’s investment objectives may only be made after first obtaining the consent of a majority of votes cast by that Fund’s investors and proxyholders present at a meeting called to consider the change. However, in order to reduce the Funds’ costs, you will not receive notice of routine administrative or compliance changes that would not have an adverse monetary impact on your investment. Please see “Fundamental Changes” for details of the matters which may not be effected without unitholder approval.

Registered Tax Plans

Provided that a Fund qualifies as a “mutual fund trust” or a “registered investment” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”), or both a “mutual fund trust” and a “registered investment”, units of such Fund will be qualified investments for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”) and tax-free savings accounts (“**TFSAs**”) (collectively “**Registered Plans**”). Notwithstanding the foregoing, if the units of a Fund are a “prohibited investment” for the purposes of a TFSA, a RRSP, a RESP, a RDSP or a RRIF, the holder of such TFSA or RDSP, the annuitant of such RRSP or RRIF or the subscriber of a RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. Provided that for purposes of the Tax Act the holder of a TFSA or RDSP, the annuitant of a RRSP or RRIF or the subscriber of a RESP, as the case may be, (i) deals at arm’s length with the Fund for purposes of the Tax Act and (ii) does not have a “significant interest” (within the meaning of the Tax Act) in the Fund, the units will not be a “prohibited investment” for such TFSA, RRSP, RESP, RDSP or RRIF for the purposes of the Tax Act. Holders of Registered Plans should consult their own tax advisors as to whether units will be a prohibited investment in their particular circumstances.

FUNDAMENTAL CHANGES

Under the Declaration of Trust, the following cannot be effected without approval at a duly constituted meeting of the unitholders of a Fund:

- (a) a change in any contract or the entering into of any new contract as a result of which the basis of calculation of the fees or of other expenses that are charged to the Fund could result in an increase in charges to the Fund, except where:
 - (i) the Fund contracts at arm's length and with parties other than the Manager or an associate or affiliate of the Manager, and
 - (ii) the unitholders have received at least 60 days' notice before the effective date of the change;
- (b) a change of the administrative manager of the Fund, except where the new manager is an affiliate of the Manager;
- (c) any change in the fundamental investment objectives of the Fund;
- (d) any decrease in the frequency of calculating the Fund's net asset value
- (e) any proposed material reorganization with, or transfer of assets to or from, another mutual fund; and
- (f) any matter which is required by the constitutive documents of the Fund or by the laws applicable to the Fund or by any agreement to be submitted to a vote of the unitholders of the Fund.

Approval by the unitholders of a Fund requires the affirmative vote of more than 50% of the votes cast at a meeting of unitholders of the Fund called for such purpose.

A meeting of the unitholders of a Fund for any of the foregoing purposes may be called by the Funds' trustee, Arrow.

RESPONSIBILITY FOR PRINCIPAL FUNCTIONS

Manager and Trustee

The Manager, Arrow, a corporation existing under the laws of the province of Ontario, is the administrative manager of the Funds and the trustee of the Funds. The Manager will be responsible for providing or arranging for the provision of administrative services required by the Funds. The head office of the Manager is located at Suite 750, 36 Toronto Street, Toronto, Ontario M5C 2C5. Arrow can be reached by calling us toll free at 1 (877) 327-6048, by email at info@arrow-capital.com or on our website at www.arrow-capital.com. Arrow is an employee-owned company, founded in 1999. Arrow's expertise in active portfolio management and manager selection is evident in its strong, diverse platform, which provides clients with access to a global selection of actively managed investment funds. Arrow is committed to continuously providing investors with access to a wide range of investment solutions.

The Declaration of Trust authorizes the delegation by Arrow, in its capacity as trustee, of all the powers of the trustee with respect to management, supervision and administration of the Funds. Pursuant to such authority, the Funds have entered into an amended and restated management agreement dated as of July 5, 2018 (the "**Management Agreement**") with Arrow whereby Arrow has been appointed the administrative manager and portfolio advisor of the Funds with authority to manage the day-to-day operations of the Funds. Arrow may delegate aspects of its duties thereunder.

The Management Agreement continues in effect until termination of each of the Funds unless: (a) Arrow resigns or is deemed to resign due to the fact (i) a Fund has not cured within 30 days a breach of the Management Agreement; or (ii) Arrow becomes bankrupt or insolvent, ceases to be resident in Canada for the purposes of the Tax Act or no longer holds the necessary licenses or registrations to carry out its obligations; or (b) Arrow is removed in accordance with the provisions of the Management Agreement.

The Management Agreement may not be assigned by either party without the prior written consent of the other party, unless the assignment is to an affiliate of Arrow.

The names, municipalities of residence, present positions and principal occupations during the past five years of the directors and senior officers of Arrow, the Manager and trustee of the Funds, are as follows:

| Name and Municipality of Residence | Position with Arrow | Principal Occupation |
|---|---|---|
| JAMES McGOVERN Toronto, Ontario | Managing Director and Chief Executive Officer and Director | Managing Director and Chief Executive Officer of Arrow |
| MARK PURDY Ajax, Ontario | Managing Director and Chief Investment Officer and Director | Managing Director and Chief Investment Officer of Arrow |
| ROBERT MAXWELL Toronto, Ontario | Managing Director, Chief Financial Officer and Corporate Secretary and Director | Managing Director and Chief Financial Officer of Arrow |
| FREDERICK DALLEY Toronto, Ontario | Managing Director, Portfolio Management and Director | Managing Director, Portfolio Management of Arrow |
| ROBERT PARSONS Toronto, Ontario | Managing Director and Chief Operating Officer | Managing Director and Chief Operating Officer of Arrow |
| MARK KENNEDY Toronto, Ontario | Chief Compliance Officer | Chief Compliance Officer of Arrow |

The Funds are not obligated to pay any remuneration to the directors and officers of Arrow.

Portfolio Advisors and Sub-Advisors

Exemplar Tactical Corporate Bond Fund and Exemplar Investment Grade Fund

Arrow acts as the portfolio advisor of the Exemplar Tactical Corporate Bond Fund and the Exemplar Investment Grade Fund. Arrow has engaged East Coast Fund Management Inc. (“**East Coast**”) of Toronto, Ontario to act as the sub-advisor for the Exemplar Tactical Corporate Bond Fund and the Exemplar Investment Grade Fund. East Coast’s head office is located at 1920 Yonge Street, Suite 601, Toronto, Ontario M4S 3E2.

Michael MacBain is the Chief Investment Officer of East Coast and the lead portfolio advisor of the Exemplar Tactical Corporate Bond Fund and the Exemplar Investment Grade Fund. Michael MacBain has over 30 years of experience in the financial services industry in various trading and senior management roles for leading investment dealers. Most recently he was Managing Director, Head of Global Debt Markets, RBC Capital Markets from 2008 to 2009, where his primary responsibilities included origination, research, underwriting, sales and trading for the derivative products (equity, interest rate and credit), fixed income, money market, foreign exchange and alternative asset global product groups. Prior to RBC Capital Markets he was employed by TD Securities Inc. for 12 years, including as President from 2002 to 2006. At TD Securities Inc. he held various senior management roles focused

on derivatives (equity, interest rate and credit), fixed income, money market and foreign exchange global products. From 1994 to 2001 he successfully grew the business from a revenue base of \$25 million to \$1.2 billion. Prior to TD Securities Inc. he was a derivatives trader at other leading global financial institutions. Mr. MacBain has completed the Executive Management Program at Stanford University and received his Bachelor of Arts, Honours Economics and Finance, from McGill University.

Arrow and East Coast have entered into sub-advisory agreements in respect of the Exemplar Tactical Corporate Bond Fund and Exemplar Investment Grade Fund and have developed a strategic relationship whereby neither party will be able to terminate the sub-advisory agreements unless agreed by both parties or except in certain limited circumstances.

Exemplar Leaders Fund

Arrow acts as the portfolio advisor of the Exemplar Leaders Fund. The Exemplar Leaders Fund is managed by Alex Ruus.

Alex Ruus became Executive Vice President and Portfolio Manager of Arrow in January 2014. Mr. Ruus was Portfolio Manager of BluMont until March 2014. Prior to joining BluMont in April 2010, Mr. Ruus held the position of Executive Vice President and Portfolio Manager at Northern Rivers. Mr. Ruus has a Bachelor of Science (Engineering, 1986) from the University of Calgary and a Masters of Business Administration (1992) from the Richard Ivey School of Business at the University of Western Ontario.

Arrow may engage sub-advisors with respect to a portion of the Exemplar Leaders Fund and, if it does, Arrow will pay for those services.

Exemplar Performance Fund

Arrow acts as the portfolio manager of the Exemplar Performance Fund. The Exemplar Performance Fund is managed by Veronika Hirsch.

Veronika Hirsch became Executive Vice-President and Portfolio Manager of Arrow in January 2014. Ms. Hirsch was Chief Investment Officer of BluMont Capital Corporation until March 2014. Prior thereto, Ms. Hirsch was a co-founder of Integrated Investment Management Inc. Prior thereto, she was a Vice-President and Portfolio Manager at AGF Management Limited, Fidelity Management and Research Co. and Prudential Life Insurance Company of America. Ms. Hirsch holds a Bachelor of Commerce degree and is a Fellow of Life Management Institute.

Exemplar Growth and Income Fund

Arrow acts as the portfolio manager of the Exemplar Growth and Income Fund. The Exemplar Growth and Income Fund is managed by Arrow's Investment Committee which is led by James McGovern, Mark Purdy and Ted Whitehead.

James McGovern is the Chief Executive Officer, a Managing Director, Chairman and a director of Arrow. Mr. McGovern founded Arrow in 1999 after working for over thirteen years at BPI Financial Corporation (Canada), the company of which he co-founded, and where he ultimately held the positions of President and Chief Executive Officer. BPI Financial Corporation (Canada), a publicly traded company, managed or administered over \$6 billion dollars in assets on behalf of Canadian and U.S. investors. Mr. McGovern was the founding Chairman (currently, Past Chairman) of the Canadian Chapter of the Alternative Investment Management Association. He is actively involved in the international hedge fund community and has spoken at conferences in Canada and globally. Mr. McGovern graduated from the University of Toronto with a Bachelor of Commerce and Finance degree in 1985.

Mark Purdy is a Managing Director, the Chief Investment Officer and a director of Arrow and also serves as Chair of its the Investment Committee. Mr. Purdy shares responsibility for the hedge fund manager selection and asset allocation process and has served on the Investment Committee at Arrow since inception. Mr. Purdy held senior

roles at BPI Financial Corporation and IBM Canada Ltd. Mr. Purdy graduated from the University of Toronto with a Bachelor of Commerce and Economics degree. He holds the CFA designation.

Ted Whitehead is a Senior Portfolio Manager with Arrow, bringing over 30 years of experience in the financial industry. Prior to joining Arrow, Ted spent 20 years at Manulife Asset Management as a Senior Portfolio Manager managing small/mid and all cap portfolios. Previously he was a trader at Credit Suisse and investment advisor at both RBC Dominion Securities and Walwyn Stodgell Cochran Murray.

Arrow may engage sub-advisors with respect to a portion of the Fund and, if it does, Arrow will pay for those services.

BROKERAGE ARRANGEMENTS

The portfolio advisors and sub-advisors are responsible for placing orders to effect portfolio transactions (i.e. purchase and sell securities) on behalf of their respective Fund. The portfolio advisors and sub-advisors are responsible for selecting brokers and dealers for the execution of their respective Fund's portfolio transactions and, when applicable, the negotiation of commissions in connection therewith.

Purchase and sale orders are usually placed with brokers who are selected by the portfolio advisor or sub-advisor as able to achieve "best execution" of such orders. "Best execution" means prompt and reliable execution at the most favourable securities price, taking into account the other provisions hereinafter set forth. The determination of what may constitute best execution and price in the execution of a security transaction by a broker involves a number of considerations, including, without limitation, the overall direct net economic result to each Fund, the efficiency with which the transaction is effected, the availability of the broker to stand ready to execute transactions, and the financial strength and stability of the broker.

From time to time, Arrow may allocate brokerage business to brokers who provide or have provided general investment research, including provision of industry and company analysis, economic reports, statistical data pertaining to the capital markets, portfolio reports and portfolio analytics, trading data and other services that assist Arrow in carrying out the investment decision-making process. Arrow will attempt to allocate these transactions with appropriate regard to the principles of a reasonable brokerage fee, the benefit to the Funds and best execution.

Arrow does not have any contractual arrangement with any person or company for any exclusive right to purchase or sell securities.

Arrow does not conduct business with affiliated entities in regards to brokerage transactions involving client brokerage commissions.

Since the date of the last annual information form, certain third party companies provided goods and services (other than order execution) to Arrow, including general investment research, industry and company analysis, economic reports and statistical data. A list of the dealers and third parties to whom any brokerage commissions of the Funds have been or might have been directed in return for goods and services (other than order execution) since the date of the last annual information form filing, will be provided upon request by contacting Arrow at the toll-free telephone number or at the address indicated on the back cover of this annual information form, or by emailing Arrow at info@arrow-capital.com.

CALCULATION OF NET ASSET VALUE

As described more fully below under "Purchase of Units" and "Redemption of Units", units of a Fund may be purchased at their net asset value per unit (the "**Unit Value**") plus a sales charge payable by the investor to the selling dealer, if applicable. Units may be redeemed at their Unit Value subject to deduction of any taxes exigible on the redemption (and any applicable redemption fees, please see "Redemption of Units").

Unit Value is determined by the Funds' valuation agent, CIBC Mellon Global Securities Services Company, after the close of trading on each day that the TSX is open for trading. The Unit Value of a Fund is computed by dividing the total value of the Fund's assets less its liabilities, by the total number of outstanding units of the Fund.

The Unit Value of each Fund and the Unit Value per unit is available to the public at no cost by calling 1 (877) 327-6048 or (416) 323-0477. The Unit Value per unit is also available on the Funds' website at www.arrow-capital.com.

Purchase or redemption orders in respect of units received at the principal office of the Manager on a day other than a business day, or after 4:00 p.m. Toronto time, will be deemed to be received on the next business day. Purchase or redemption orders will be implemented based on the applicable Unit Value determined as of the close of business on the day on which such orders are deemed received.

The Manager has the right to suspend determination of the net asset value and Unit Value of a Fund, and the issue and redemption of its units, during any period, not exceeding 90 days, (a) when normal trading is suspended on any stock exchange, or futures or options exchange within or outside of Canada on which securities are listed and traded or on which permitted derivatives are traded which represent more than 50% in value or underlying market exposure of the total assets of the Fund, without allowance for liabilities (provided that such securities or instruments are not traded on another exchange that represents a reasonably practical alternative for the Fund), or (b) with the consent of the Ontario Securities Commission, for any period during which the Manager determines that conditions exist as a result of which disposal of the assets owned by the Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of the Fund's assets. At the expiry of any such period of suspension, the net asset value and Unit Value of the Fund will be determined by the Manager, applying the rules set forth below, and any redemption orders then outstanding will be completed. Any such suspension would result in a concurrent suspension of the right of redemption. In the event of such a suspension, a unitholder may cancel his or her redemption request or accept payment based on the next Unit Value determined after termination of the suspension.

VALUATION OF PORTFOLIO SECURITIES

The value of the assets and, if applicable, liabilities of a Fund is determined in accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“NI 81-106”) or any exemptions therefrom as follows:

1. The value of cash on hand or on deposit, Government of Canada Treasury Bills and short term paper or certificates of deposit of Canadian chartered banks will be deemed to be the cost thereof.
2. Securities which are listed on a securities exchange or traded in an over the counter market will be valued at their closing sale price on that day or, if there are no sales on such day, at the average of the closing bid and ask price or the latest available sale price; however, if the average is greater than a 10% variance from last sale price, then the last sale price is used. Where securities are traded on more than one securities exchange, the Manager will determine which exchange constitutes the primary market for such securities and use its trading for valuation of such securities. If there are no bid or ask quotations, then the Manager will make a realistic and fair valuation.
3. With respect to interest accrued but not yet received or other amounts receivable by a Fund, the amount of such accrued interest or other amounts will be added to the value of the Fund.
4. The value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less will be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition. If there are no bid or ask quotations or if such quotations are, in the opinion of the Manager, unreasonable, then the Manager will make a realistic and fair valuation.
5. A long position in clearing corporation options, debt like securities and listed warrants will be valued at the current market value thereof.

6. Where a clearing corporation option is written by a Fund, the premium received will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the clearing corporation option which would have the effect of closing the position; any difference resulting from revaluation will be treated as an unrealized gain or loss on investment; the deferred credit will be deducted in arriving at the Unit Value, the securities, if any, which are the subject of the written clearing corporation option will be valued in the manner described above for listed securities.
7. The value of a futures contract or a forward contract will be the gain or loss, if any, that would arise as a result of closing the position in the futures contract or forward contract, as the case may be, on the applicable valuation date unless daily limits are in effect, in which case the fair market value shall be based on the current value of the underlying interest.
8. Margin paid or deposited in respect of futures contracts and forward contracts will be reflected as an account receivable and margin consisting of assets other than cash will be noted as held as margin.
9. Securities which a Fund has agreed to purchase or sell will be included or excluded as if the agreements were in fact fully carried into effect.
10. "Restricted securities" (being securities the resale of which is restricted or limited by means of a representation, undertaking or agreement by a Fund or by-law) will be valued at the lesser of: (i) the value thereof based on reported quotations in common use, and (ii) that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by means of any representation, undertaking or agreement or by law, equal to the percentage that a Fund's acquisition cost was of the market value of such security at the time of acquisition, provided that a gradual taking into account of the actual value of the securities will be made where the date on which the restrictions will be lifted is known.
11. In the case of any security or other property of a Fund for which no method for determining value is described above, or where the value of any security or other property of the Fund determined as described above would not, in the opinion of the Manager, reflect the fair value of such security or other property, the value thereof will be determined in such manner as, in the opinion of the Manager, will reflect the fair value thereof.
12. For the purpose of valuing securities which are traded in currencies other than Canadian dollars, currency conversions will be calculated using Reuters or a similar publicly disseminated quotations service.

The Manager has not had to exercise its discretion under items 2, 4 or 11 above to determine the fair market value of a Fund's assets or securities in the past three years.

DESCRIPTION OF SECURITIES OFFERED BY THE FUNDS

The Funds are sold in units, each representing an equal interest in the Fund. You will find a list of all of the Funds and the classes of units they offer on the front cover of this annual information form. In this document, all series of units, except for Series ETF units, are collectively referred to as the "Mutual Fund Series" units.

Mutual Fund Series units of the Funds are transferable and redeemable. You can transfer (i.e. switch) your units between the Funds and to other funds in our group of funds, including units of any new mutual fund which is created and offered by the Manager after the date of this document (provided that units of the new mutual fund have been qualified for sale in your province or territory of residence). A switch involves the redemption of the units of a Fund and a purchase of units in the other Fund or other permitted funds. You cannot switch Series ETF units for units of another series of the same Fund or for units of another Fund.

PURCHASE OF UNITS

Mutual Fund Series Units

You may purchase Series A, AD, AI, AN, and U units by way of the front-end sales feature (the “**Front-End Units**”). You may be required to pay your dealer a sales charge when you buy these units. This sales charge is negotiable between you and your dealer.

Series A units of the Exemplar Leaders Fund and Series L, LD, and LN Units of the Funds are also offered with a low load option (the “**Low Load Option**”) whereby an investor will pay no sales charge at the time of the purchase; however, when the units purchased under the Low Load Option (the “**Low Load Units**”) are redeemed, a redemption fee will be charged. Please see “Fees and Expenses” and “Dealer Compensation” in Part A of the simplified prospectus.

Series F, FD, FI, FN and G units may be purchased by investors who are enrolled in a dealer sponsored fee-for-service or “wrap” program and who are subject to an annual advisory or asset-based fee rather than commissions for each transaction. Series F, FD, FI, FN and G units are not subject to sales charges.

Series I units of each Fund, if applicable, are typically for institutional investors such as pension plans, endowment funds and corporations, high net worth individuals and group RRSPs that maintain a minimum investment in a Fund (based on the net asset value of such investment) as negotiated with the Manager.

Series AD, FD and LD of Exemplar Performance Fund and Series A, U, F, G, I, and L units of all Funds, except for Exemplar Leaders Fund and Exemplar Performance Fund, are designed specifically for investors who wish to receive regular monthly/quarterly distributions from a Fund.

Series AI and FI units (each a “**Higher Rate Distribution Series**”) are designed specifically for investors who wish to receive a higher regular monthly cash flow from a Fund.

Series AN, FN and LN units of all applicable Funds, Series A and F of Exemplar Leaders Fund and Series A, F, I and L of Exemplar Performance Fund (each a “**Non-Fixed Rate Distribution Series**”) are designed specifically for investors who do not wish to receive regular distributions from a Fund. Unlike other series, the Non-Fixed Rate Distribution Series do not provide monthly/quarterly distributions.

Series U and G units (each a “**U.S. Option Series**”) are designed for investors who wish to make their investment in U.S. Dollars. Funds offering U.S. Option Series hedge those series against changes in the U.S. currency relative to the Canadian currency and in doing so attempt to eliminate fluctuations between Canadian and U.S. Securities such that the performance of the U.S. Option Series are expected to be substantially the same performance as the performance of Series A F and L units, respectively, purchased using the Canadian dollar pricing option. However, there may be factors beyond a Fund’s control such as derivative transaction costs and performance fees which may cause there to be differences in the performance of the series. In addition, there may be circumstances, from time to time, in which a Fund may not be able to fully hedge its Canadian exposure back to U.S. dollars in respect of a U.S. Option Series.

Prior to their re-designation on March 16 2015, Series AN, FN and LN of the Exemplar Performance Fund were named Series A, F and L. Prior to their re-designation on June 29, 2015, Series A, F and L of Exemplar Performance Fund were named Series AN, FN and LN, respectively, and Series AD, FD and LD of Exemplar Performance Fund were named Series A, F and L, respectively.

Mutual Fund Series units may be purchased through registered dealers in all the provinces and territories of Canada. The Manager can be contacted at (416) 323-0477 or toll free at 1 (877) 327-6048 or by email at info@arrow-capital.com for further information about the Funds, the names of registered dealers and locations at which units may be purchased.

Your initial investment in the Funds must be at least \$1,000. Any subsequent purchase must be at least \$100.

NI 81-102 provides that all subscriptions for units are to be forwarded to the head office of the Manager on the day they are received by courier, priority post or telecommunications facility, unless received after normal business hours, in which event they must be forwarded not later than the next business day, in both instances without charge to the subscriber. The Manager reserves the right to accept or reject any subscription for units, provided such acceptance or rejection is communicated within one business day of receipt of a subscription. In the event of rejection, all monies received with a subscription will be refunded to the subscriber immediately.

Payment for all subscriptions for units must be dated as of and reach the Manager on or before the third business day from, but not including, the date on which the Unit Value was calculated for the purpose of issuing the units pursuant to the subscription (such third business day being the “**Settlement Date**”).

If payment has not been received by the Manager on behalf of a Fund on or before the Settlement Date, the Fund will be deemed to have received and accepted on the first business day following the Settlement Date an order for the redemption of the units and the amount of the redemption proceeds is to be applied to reduce the amount owing to the Fund in respect of the purchase of the units. If the amount of the redemption proceeds exceeds the purchase price of the units, the excess will belong to the Fund. If the amount of the redemption proceeds is less than the purchase price of the units, the Manager will be required to pay forthwith to the Fund the amount of the deficiency and is entitled to collect such amount together with its costs, charges and expenses in so doing and interest thereon from the dealer (or, if no other dealer is involved, from the investor who has failed to settle the order in question), and your dealer may seek reimbursement from you for any losses caused by you in connection with such failed settlement of the purchase of units of the Fund where such dealer has the contractual right to do so.

Pre-Authorized Payment Plans

Under a pre-authorized payment plan, you can indicate a regular amount of investment (not less than \$100) to be made on a periodic basis, the Fund in which the investment is to be made, and the bank chequing account from which the investment amount is to be debited. You may suspend or terminate such a plan on ten days’ prior written notice to us. The minimum initial subscription amount is \$1,000. These services are not available for Series ETF units of the Fund.

Series ETF Units

Series ETF units are available to investors who purchase such units on the TSX or another exchange or marketplace through Designated Brokers (as defined below) and ETF Dealers (as defined below).

Series ETF units of the Funds will be issued and sold on a continuous basis and there is no maximum number of Series ETF units that may be issued. Series ETF units of the Funds can be bought in Canadian dollars only. The Series ETF units of the Exemplar Investment Grade Fund are listed on the TSX and the ticker symbol for Series ETF units of Exemplar Investment Grade Fund is CORP. The Manager, on behalf of Exemplar Growth and Income Fund, has applied to list the Series ETF units of Exemplar Growth and Income Fund on the TSX. The TSX has conditionally approved the listing of the Series ETF units of Exemplar Growth and Income Fund. Listing of the Series ETF units of Exemplar Growth and Income Fund on the TSX is subject to the Exemplar Growth and Income Fund fulfilling all of the requirements of the TSX on or before June 29, 2019. Subject to satisfying the TSX’s original listing requirements, the Series ETF units of Exemplar Growth and Income Fund will be listed on the TSX and holders of Series ETF units of Exemplar Growth and Income Fund will be able to buy or sell Series ETF units of Exemplar Growth and Income Fund on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the unitholder resides.

Unitholders may incur customary brokerage commissions in buying or selling Series ETF units. No fees are paid by a unitholder to the Manager or the Funds in connection with the buying or selling of Series ETF units on the TSX or another exchange or marketplace.

To Designated Brokers and ETF Dealers

The Manager, on behalf of each Fund that offers Series ETF units, has entered or will enter into a designated broker agreement with a designated broker (a “**Designated Broker**”) pursuant to which the Designated Broker has agreed, or will agree, to perform certain duties relating to the Series ETF units of a Fund including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the applicable exchange’s original listing requirements; (ii) to subscribe for units when cash redemptions of units occur; and (iii) to post a liquid two-way market for the trading of units on the applicable exchange. In accordance with the designated broker agreement, the Manager may require the Designated Broker to subscribe for Series ETF units for cash.

Generally, all orders to purchase Series ETF units directly from a Fund must be placed by a Designated Broker or an “ETF Dealer”, which is a registered dealer (that may or may not be a Designated Broker) that has entered into an agreement with us authorizing the dealer to subscribe for, purchase and redeem Series ETF units from one or more Funds on a continuous basis from time to time.

We reserve the absolute right to reject any subscription order placed by a Designated Broker or ETF Dealer in connection with the issuance of Series ETF units. If we reject your order, we will immediately return any money received, without interest.

No fees or commissions will be payable by a Fund to a Designated Broker or ETF Dealer in connection with the issuance of Series ETF units. On the listing, issuance, exchange or redemption of Series ETF units, we may, in our discretion, charge an administrative fee to a Designated Broker or ETF Dealer to offset the expenses incurred in listing, issuing, exchanging or redeeming the units.

After the initial issuance of Series ETF units to the Designated Broker(s) to satisfy the applicable exchange’s original listing requirements, a Designated Broker or ETF Dealer may place a subscription order for a Prescribed Number of Series ETF units (and any additional multiple thereof) of a Fund on any day on which a session of the exchange or marketplace on which the Series ETF units of that Fund are listed is held (a “**Trading Day**”), or such other day as determined by us. “Prescribed Number of Series ETF Units” means the number of Series ETF units of the Fund determined by us from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes. The cut-off time for Series ETF units of the Funds is 11 a.m. (Toronto time) on a Trading Day (the “**Cut-Off Time**”). If the TSX’s trading hours are shortened or changed for other regulatory reasons, we may change the Cut-Off-Time. Any subscription order that is received by the Cut-Off Time will be deemed to be received on that Trading Day and will be based on the net asset value per unit determined on such Trading Day. Any subscription order received after the Cut-Off Time on a Trading Day will be deemed to be received on the next Trading Day and will be based on the net asset value per unit determined on such following Trading Day.

For each Prescribed Number of Series ETF Units issued, an ETF Dealer must deliver payment consisting of, in our discretion: (i) cash in an amount equal to the aggregate net asset value per unit of the Prescribed Number of Series ETF Units next determined following the receipt of the subscription order; (ii) a group of securities or assets representing the constituents of, and their weightings in, the Fund (“**Basket of Securities**”) or a combination of a Basket of Securities and cash, as determined by us, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value per unit of the Prescribed Number of ETF Series Units next determined following the receipt of the subscription order; or (iii) securities other than Baskets of Securities or a combination of securities other than Baskets of Securities and cash, as determined by us, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value per unit of the Prescribed Number of ETF Series Units next determined following the receipt of the subscription order.

We will make available to the Designated Brokers and ETF Dealers information as to the Prescribed Number of Series ETF Units and any Basket of Securities for each Fund for each Trading Day. We may, in our discretion, increase or decrease the Prescribed Number of ETF Series Units from time to time.

To Designated Brokers in special circumstances

Series ETF units may also be issued by a Fund to Designated Brokers in certain special circumstances, including when cash redemptions of Series ETF units occur.

REDEMPTION OF UNITS

Mutual Fund Series

A unitholder may request a Fund to redeem any or all of his or her Mutual Fund Series units at any time. Redemption orders will be implemented based on the Unit Value determined as of the close of business on the day on which such orders are deemed received. The Manager may require that a unitholder's signature be guaranteed by a Canadian chartered bank, trust company, investment dealer or by some other person satisfactory to the Manager.

Payment for any units redeemed (including by reason of a mandatory redemption as described below or upon termination of a Fund), less all taxes required to be withheld (and any redemption fees, if applicable) will be made by the applicable Fund within three business days of the determination of the redemption price.

Unless a unitholder otherwise requests, the cheque representing the redemption proceeds will be mailed to the address of the unitholder on the register of the applicable Fund. As a convenience to unitholders, the Manager will, if a unitholder so requests, wire the redemption proceeds to a designated bank account of the unitholder on the day on which the redemption proceeds are made available by the applicable Fund to the Manager. There are no charges for this service other than any wire costs charged by the financial institution employed to effect such wiring.

NI 81-102 provides that, if all of a Fund's requirements in respect of a redemption order have not been complied with on or before the tenth business day (or such lesser period as may be mandated by NI 81-102) after the determination of the Unit Value for the purpose of a redemption, the Fund will be deemed to have received and accepted on the next business day an order for the purchase of the equivalent number of units of the Fund which have been redeemed and will apply the amount of the redemption proceeds to the payment of the issue price of such units. If the amount of the issue price of such units is less than the redemption proceeds, the excess will belong to the Fund. If the amount of the issue price of such units exceeds the redemption proceeds, the Manager will be required to pay forthwith to the Fund the amount of the deficiency and is entitled to collect such amount together with its costs, charges and expenses in so doing and interest thereon from the dealer (or if no other dealer is involved, from the investor who has failed to settle the order in question), and your dealer may seek reimbursement from you for any of its losses caused by you in connection with a failed settlement of a redemption of units of a Fund where such dealer has the contractual right to do so .

If the aggregate Unit Value of units of a Fund held in a unitholder's account declines below \$500, the Manager may cause the redemption of all units of the applicable Fund held by the unitholder after ten days written notice, provided that the unitholder may within the notice period increase his or her investment in units of the Fund to a level which meets the minimum requirement.

In the event of the termination of a Fund pursuant to the terms of the Declaration of Trust, all outstanding units of the applicable Fund would be surrendered for redemption (a redemption fee may be exigible if the units so redeemed are Low Load Units and have been issued and outstanding for less than the applicable period of four years at such time).

See "Calculation of Net Asset Value" for details regarding when the Manager may suspend redemptions of units.

ETF Series Units

Redemption of ETF Series units in any number for cash

You may choose to redeem Series ETF units of a Fund on any Trading Day. When you redeem Series ETF units of a Fund, you receive the proceeds of your sale in cash at a redemption price per unit equal to 95% of the closing price

of the Series ETF units on the effective date of redemption, subject to a maximum redemption price of the applicable net asset value per unit. As unitholders will generally be able to sell Series ETF units at the market price on the TSX or another exchange or marketplace through an ETF Dealer subject only to customary brokerage commissions, unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Series ETF units for cash.

For such a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by us from time to time must be delivered to the Fund at the offices of the Manager through a registered dealer or other financial institution that is a participant in CDS Clearing and Depository Services Inc. (“CDS”) and that holds Series ETF units on behalf of beneficial owners of such units (a “CDS Participant”). Any cash redemption request that is received by the Cut-Off Time will be deemed to be received on that Trading Day. Any cash redemption request received after the Cut-Off Time on a Trading Day will be deemed to be received on the next Trading Day. Payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption (or such shorter period as may be determined by us in response to changes in applicable laws or general changes to settlement procedures in applicable markets). The cash redemption request forms may be obtained from us.

If the Manager hasn’t received all the required documents within 10 business days of receiving your redemption request, the Manager will issue the same number of securities on the 10th business day after the redemption request. If the issue price is less than the sale proceeds, the Fund will keep the difference. If the issue price is more than the sale proceeds, your ETF Dealer must pay the shortfall. Your ETF Dealer may have the right to collect it from you.

If you are redeeming more than \$25,000 of the Funds, your signature must be guaranteed by your bank, trust company or ETF Dealer. In some cases, the Manager may require other documents or proof of signing authority. You can contact your registered representative or us to find out the documents that are required to complete the sale.

The Manager reserves the right to cause a Fund to redeem the Series ETF units held by a unitholder at a price equal to the net asset value per unit on the effective date of such redemption if the Manager believes it is in the best interests of the Fund to do so.

Exchange of Prescribed Number of Series ETF units

On any Trading Day, you may exchange a minimum of a Prescribed Number of Series ETF Units (and any additional multiple thereof) for cash or, with our consent, Baskets of Securities and cash. To effect an exchange of Series ETF units, you must submit an exchange request, in the form prescribed by the Manager from time to time, to the applicable Fund at its head office. The exchange price will be equal to the aggregate net asset value per unit of the Prescribed Number of ETF Series Units on the effective day of the exchange request, payable by delivery of cash or, with our consent, Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. On an exchange, the applicable Series ETF units will be redeemed. On an exchange we will require you to pay the applicable Fund an exchange transaction fee of 0.25%, or such other amount as we may determine from time to time, which approximates the brokerage expenses, commissions, transaction costs, costs or expenses related to market impact and other costs or expenses incurred or expected to be incurred by an Series ETF in effecting securities transactions on the market to obtain the necessary cash for the exchange. The exchange transaction fee may be higher if the costs and expenses incurred or expected to be incurred by a Series ETF is higher than generally expected. In certain circumstances and at our discretion, we may waive or reduce the exchange transaction fee.

Any exchange request that is received by the Cut-Off Time will be deemed to be received on that Trading Day and will be based on the net asset value per unit determined on such Trading Day. Any exchange request received after the Cut-Off Time on a Trading Day will be deemed to be received on the next Trading Day and will be based on the net asset value per unit determined on such following Trading Day. Settlement of exchanges for cash or Baskets of Securities and cash, as the case may be, will be made by no later than the second Trading Day after the effective day of the exchange request (or such shorter period as may be determined by us in response to changes in applicable laws or general changes to settlement procedures in applicable markets).

The Manager will make available to the Designated Brokers and ETF Dealers information as to the Prescribed Number of Series ETF Units and any Basket of Securities for each Fund for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of ETF Series Units from time to time.

If securities held in the portfolio of a Fund are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

Exchange and redemption of Series ETF units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which you hold Series ETF units. Beneficial owners of Series ETF units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify us, or as we may direct, prior to the relevant cut-off time.

Characterization of redemption or exchange amounts

The redemption or exchange price paid to a Designated Broker may include income and/or capital gains realized by the Fund. The remaining portion of the redemption or exchange price will be proceeds of disposition.

Redemption Charges

No redemption charges apply to Front-End Units, unless the units are subject to the short-term trading redemption charge described below.

A redemption charge will apply to Low Load Units purchased which are subsequently redeemed within the time period specified by the Funds' redemption schedule as described below. Any redemption of units by a unitholder will first be applied to the units that are not subject to redemption charges. In order to minimize redemption charges, units subject to redemption charges are redeemed on a "first in, first out" basis.

The following redemption charge will apply if you redeem your Low Load Units, other than Low Load Units of the Exemplar Tactical Corporate Bond Fund, within the following time periods after purchase:

| <u>Year(s) Since Purchase</u> | <u>Redemption Charge as a Percentage of the Original Purchase Price</u> |
|-------------------------------|---|
| Year 1 | 3.00% |
| Year 2 | 2.50% |
| Year 3 | 2.00% |
| Year 4 | None |

The following redemption charge will apply if you redeem your Low Load Units of the Exemplar Tactical Corporate Bond Fund, within the following time periods after purchase:

| <u>Year(s) Since Purchase</u> | <u>Redemption Charge as a Percentage of the Original Purchase Price</u> |
|-------------------------------|---|
| Year 1 | 2.50% |
| Year 2 | 2.00% |
| Year 3 | 1.50% |

| <u>Year(s) Since Purchase</u> | <u>Redemption Charge as a Percentage of the Original Purchase Price</u> |
|-------------------------------|---|
| Year 4 | None |

SHORT-TERM TRADING

The Manager has adopted policies and procedures to detect and deter short-term trading. Short-term trades are defined as a combination of a purchase and redemption within a short period of time that the Manager believes is detrimental to other investors in the Funds.

The interests of unitholders and a Fund's ability to manage its investments may be adversely affected by short-term trading because, among other things, these types of trading activities can dilute the value of units, can interfere with the efficient management of a Fund and can result in increased administrative costs to the applicable Fund. While the Manager will actively take steps to monitor, detect and deter short-term trading, it cannot ensure that such trading activity will be completely eliminated.

If a unitholder switches or redeems units within 90 days of purchase, the applicable Fund may charge a short-term trading fee of up to 2% of the Unit Value switched or redeemed. Short-term trading fees do not apply to redemptions or switches of Series ETF units.

The Manager may take such additional action as it considers appropriate to prevent further similar activity by an investor who utilizes short-term trades. These actions may include the delivery of a warning to the investor, placing the investor on a watch list to monitor his/her trading activity and the subsequent refusal of further trades by the investor if the investor continues to attempt such trading activity and closure of the investor's account.

TRANSFER OF UNITS

Except as otherwise described in this section, Mutual Fund Series units of a Fund may be transferred, or switched, for units of the other Funds or other funds managed by Arrow or for units of any new prospectus-based mutual fund created by Arrow after the date hereof (provided that, at the time of the transfer, the units of the other mutual fund are qualified for sale to the public in the relevant jurisdictions). You cannot switch Series ETF units for units of another series of the same Fund or for units of another Fund.

Dealers are required to forward transfer orders to Arrow for processing on the same business day (if received during normal business hours). Arrow will process transfer orders on the same day if such order is received before 4:00 p.m. (Toronto time) on a business day, or on the next business day in all other cases.

Front-End Units of a Fund originally purchased under the initial sales charge option should only be exchanged for Front-End Units of another Fund or fund managed by Arrow, also offered under the initial sales charge option. Units purchased under the Low Load Option should only be exchanged for other units available under a low load option or the unitholder will be required to pay any applicable redemption charges on the Low Load Units being redeemed before new units are issued. When Low Load Units are exchanged, the unitholder's new units that are issued will be deemed to have been purchased on the same day as the original Low Load Units, thereby minimizing redemption charges at a later date.

Arrow does not charge a switch fee, however, dealers may charge holders of Front-End Units a negotiable fee of up to 5% (\$50 per \$1,000 investment) of the aggregate Unit Value of the units being transferred. This fee is paid to the dealer and is not charged by Arrow.

If a unitholder switches units within 90 days of purchase, the applicable Fund may charge a short-term trading fee of up to 2% of Unit Value switched. This short-term trading fee would be over and above any switch fee which the broker, dealer or advisor may charge. Switch fees are only applicable to Series A, AD, AN, AI and U units of the Funds.

A transfer of units is a sale of an investor's investment in one Fund and a purchase in another Fund or fund. Accordingly, as with any other sale of units, this could result in a capital gain or a capital loss. Please see "Canadian Federal Income Tax Considerations" for a summary of the tax consequences of a transfer.

Arrow may limit unitholders to 10 transfers in any calendar year.

MANAGEMENT FEE REBATE PROGRAM

The Manager reserves the right to offer a reduced management fee (which is negotiable with the Manager) to selected purchasers who purchase units and after giving effect to such purchase would hold units of a Fund having values that exceed certain thresholds. This is achieved by reducing the management fee charged to a Fund based on the aggregate Unit Value of the units held by such a purchaser and distributing the amount of the reduction (a "**Management Fee Distribution**"), payable in cash or in additional units of the applicable Fund (subject to the capacity of the applicable Fund's service providers to effect payment in each form) to the purchaser. Management Fee Distributions, where applicable, will be calculated and accrued on each day on which a Fund is valued. The level of reduction in the management fee is negotiable between the investor and the Manager and will be based on a case by case review of the size of the investor's account and the extent of services required by the investor. Reductions will not necessarily be based upon purchases over a specified period of time or on the value of an investor's account at a particular point in time.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax considerations applicable to an individual (other than a trust) who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with and is not affiliated with a Fund or Arrow, and holds units as capital property. Generally, your investment in a Fund will be capital property unless you are considered to be trading or dealing in securities or have acquired your investment in a transaction considered to be an adventure or concern in the nature of trade. Certain unitholders can file an election to treat all future dispositions of certain property, including units of a Fund, to be capital property.

This summary is based on the current provisions of the Tax Act, but does not take into account or anticipate any changes in law whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, you are advised to consult your own tax advisor about your particular tax situation.

Taxation of the Funds

In general, a Fund pays no income tax as long as it distributes its income and net realized capital gains to its unitholders. Each Fund generally intends to distribute a sufficient amount of its net income for tax purposes, including net realized capital gains, so it will not have to pay income tax.

To the extent that a Fund has not otherwise distributed a sufficient amount of its net income or net capital gains, the trust agreement of the Funds provides that a distribution will be paid to unitholders at the end of the year and the distribution will be automatically reinvested in additional units of the Fund. Immediately following such reinvestment, the number of units outstanding will be consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. A consolidation of units following a distribution which is reinvested in units will not be regarded as a disposition of units.

The Tax Act includes "loss restriction event" ("**LRE**") rules that could potentially apply to certain trusts including the Funds. In general, a Fund is subject to a LRE if a person (together with others with whom the person does not deal at arm's length as defined in the Tax Act) acquires more than 50% of the fair market value of the units of the Fund. If a LRE occurs: (i) the Fund will be deemed to have a year-end for tax purposes immediately before the LRE occurs; (ii) any net income and net realized capital gains of the Fund at such year-end will be distributed to

unitholders of the Fund to the extent required for the Fund not to be liable for income taxes; and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE in future years.

Types of Income from the Funds

Your investment in a Fund can generate income for tax purposes in two ways:

- **Distributions.** When any Fund earns net income from its investments or realizes a net capital gain by selling securities, it intends to allocate these amounts on to you as a distribution.
- **Capital gains (or losses).** You can realize a capital gain (or loss) when you sell or transfer your units of the Fund (including a transfer of units of one Fund for units of another Fund) for more (or less) than you paid for them. Generally, switching one series of units to another series of units of the same Fund will result in a disposition for tax purposes, so a capital gain or loss will arise.

Funds held in Registered Plans

Each Fund currently qualifies as a “mutual fund trust” and is expected to qualify as a “mutual fund trust” or as a “registered investment” as defined in the Tax Act at all material times. Therefore, the Funds are expected to be qualified investments for Registered Plans. **If any such Funds were not to qualify as a “mutual fund trust”, the income tax considerations as described below would, in some respects, be materially and adversely different.**

Note that not all Registered Plans are available in all provinces or territories or through all our programs. The Funds may be eligible for other Registered Plans offered through your financial advisor.

If you hold units of a Fund in a Registered Plan, you generally pay no tax on distributions paid from the Fund on those units or on any capital gains that your Registered Plan realizes from selling, redeeming or transferring units (including a transfer of units of one Fund for units of another Fund). Holders of a Registered Plan should consult with their own tax advisors as to whether units of the Funds would be a “prohibited investment” under the Tax Act in their particular circumstances. You should consult with your own tax advisor with respect to exchanging Series ETF units for a Basket of Securities in your registered plan.

Funds held in Non-Registered Accounts

If you hold units of a Fund in a non-registered account, you must include the following in calculating your income each year:

- Any net income and the taxable portion of any net capital gains (computed in Canadian dollars) distributed to you by any trust fund, whether you receive the distributions in cash or they are reinvested in units of the Fund.
- 50% of any capital gains you realize from selling or redeeming your units (including to pay fees described in this document) or transferring your units (including a transfer of units of one Fund for units of another Fund) when the value of the units is greater than their adjusted cost base plus reasonable costs of disposition (including any redemption fees). If the value of units sold is less than their adjusted cost base plus reasonable costs of disposition (including any redemption fees), you will have a capital loss. You must use 50% of capital losses that you realize to offset the taxable portion of capital gains realized in the same year. 50% of the unused capital losses can be carried back three years and forward indefinitely to offset the taxable capital gains in those years in accordance with detailed rules of the Tax Act.
- Generally, the amount of any management fee distributions paid to you is paid out of a Fund’s income.

We will issue a tax slip to you each year for all Funds that shows you how much of each type of income each Fund distributed to you and any return of capital. You can claim any tax credits that apply to that income that are allocated to you by the Fund. For example, if distributions by a Fund include Canadian dividend income or foreign income, you will receive tax credits which can be to the extent permitted by the Tax Act. Dividends and capital gains distributed by a Fund and capital gains realized on the disposition of units may give rise to alternative minimum tax. You should consult your tax advisor about the tax treatment in your particular circumstances of any investment advisory fees you pay to your financial advisor when investing in the Funds and any management fee distributions paid to you.

Distributions

Distributions from a Fund may include a return of capital. When a Fund earns less income for tax purposes than the amount distributed, the difference is a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your units. If the adjusted cost base of your units becomes a negative amount at any time in a taxation year, you will be deemed to realize a capital gain equal to that amount and the adjusted cost base of your units will be reset to zero. The tax slip we will issue to you each year will show you how much capital was returned to you in respect of your units.

Distributions may result from foreign exchange gains because the Funds are required to report income and net realized capital gains in Canadian dollars for tax purposes.

The unit price of a Fund may include income and capital gains that the Fund has earned, but not yet realized (in the case of capital gains) and/or paid out as a distribution. If you buy units of a Fund just before it makes a distribution, you will be taxed on that distribution. You may have to pay tax on income or capital gains the Fund earned before you owned it. This may be particularly significant if you are purchasing later in the year. In respect of the Exemplar Investment Grade Fund, and the Exemplar Tactical Corporate Bond Fund, the Fund expects to make monthly distributions on certain series.

In respect of the Exemplar Performance Fund and the Exemplar Growth and Income Fund, the Fund expects to make quarterly distributions on certain series.

See the individual Fund descriptions in Part B of the simplified prospectus for the distribution policy of each Fund.

The higher a Fund's portfolio turnover rate is in a year, the greater the chance that you will receive a distribution from the Fund. There is no necessary relationship between a Fund's turnover rate and its performance. Although the larger trading costs associated with a high portfolio turnover rate would reduce a Fund's performance.

Calculating your Capital Gain or Loss

Your capital gain or loss for tax purposes is the difference between the amount you receive when you sell your units or the fair market value of units that you transfer (after deducting any redemption fees or other charges) and the adjusted cost base of those units.

Generally, switching one series of units to another series of units of the same Fund will result in a disposition for tax purposes, so a capital gain or loss will arise. If those redeemed units are held outside a Registered Plan, you may realize a taxable capital gain or realize a capital loss.

In general, the adjusted cost base of each of your units of a particular series of a Fund at any time equals:

- your initial investment for all your units of that series of the Fund (including any sales charges paid), **plus**
- your additional investments for all your units of that series of the Fund (including any sales charges paid), **plus**

- reinvested distributions or management fee distributions in additional units of that series of the Fund, **minus**
 - any return of capital distributions by the Fund in respect of units of that series of the Fund, **minus**
 - the adjusted cost base of any units of that series of the Fund previously redeemed,
- all divided by**
- the number of units of that series of the Fund that you hold at that time.

You should keep detailed records of the purchase cost of your investments and distributions you receive on those units so you can calculate their adjusted cost base. All amounts (including adjusted cost base, distributions and proceeds of disposition) must be computed in Canadian dollars. Other factors may affect the calculation of the adjusted cost base and you may want to consult a tax advisor.

In certain situations where you dispose of units of a Fund and would otherwise realize a capital loss, the loss will be denied. This may occur if you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired units of the same Fund (which are considered to be “substituted property”) within 30 days before or after you dispose of your units. In these circumstances, your capital loss may be deemed to be a “superficial loss” and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the units which are substituted property.

Tax Information

Arrow will provide your transaction statements and the applicable annual tax information slips reporting your income, net realized capital gains and return of capital distributions required to complete your income tax return unless your dealer prepares and provides such documentation and information themselves. Accordingly, you should speak to your dealer to ensure that such documentation and information will be provided.

Eligibility for Investment by Registered Plans

You are responsible for determining the income tax consequences to you of acquiring units of a Fund through Registered Plans and neither the Fund nor Arrow assumes any liability to you as a result of making the units of the Fund available for investment. If you choose to purchase units of the Fund through a Registered Plan, you should consult your own professional advisor regarding the tax treatment of contributions to, withdrawals from and acquisitions of property by such Registered Plan.

Status of the Funds

This summary assumes that the Funds will be, or will be deemed to be, a “mutual fund trust” as defined in the Tax Act at all relevant times. To qualify as a “mutual fund trust” a Fund must, among other things, comply on a continuous basis with certain minimum requirements with respect to the ownership and dispersal of units. **If a Fund were not to qualify as a “mutual fund trust”, the income tax considerations as described below would, in some respects, be materially and adversely different.**

REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE

The Funds are not obligated to, and do not pay any remuneration to the directors or officers of the Manager, nor the trustee of the Funds.

The Funds compensate the members of the IRC for services provided to the Funds and reimburse the members for reasonable out of pocket expenses. Please see “*Fund Governance – Independent Review Committee*” on page 27 for further details.

PRINCIPAL HOLDERS OF SECURITIES

As of June 26, 2018, no person owns of record or beneficially, directly or indirectly, more than 10% of the Mutual Fund Series units of the Funds except for:

| Unitholder | Fund/Series | Number of Units Held | Type of Ownership | Percentage of Fund / Series of Units |
|--|---|----------------------|--------------------------|--------------------------------------|
| Exemplar Growth and Income Fund | | | | |
| Individual Investor A* | Exemplar Growth and Income Fund -Series FN | 180,996.383 | Of record and beneficial | 19.99% |
| Arrow Capital Management Inc. | Exemplar Growth and Income Fund -Series FN | 93,878.487 | Of record and beneficial | 10.37% |
| Individual Investor B* | Exemplar Growth and Income Fund -Series I | 103,333.046 | Of record and beneficial | 100.00% |
| Individual Investor C* | Exemplar Growth and Income Fund -Series LN | 6,762.817 | Of record and beneficial | 26.90% |
| Individual Investor D* | Exemplar Growth and Income Fund -Series LN | 4,751.573 | Of record and beneficial | 18.90% |
| Individual Investor E* | Exemplar Growth and Income Fund -Series LN | 3,683.384 | Of record and beneficial | 14.65% |
| Individual Investor F* | Exemplar Growth and Income Fund -Series LN | 2,856.000 | Of record and beneficial | 11.36% |
| Individual Investor G* | Exemplar Growth and Income Fund -Series L | 4,689.079 | Of record and beneficial | 10.11% |
| Exemplar Investment Grade Fund | | | | |
| Individual Investor H* | Exemplar Investment Grade Fund – Series F | 1,026,365.485 | Of record and beneficial | 11.11% |
| Arrow Capital Management Inc. | Exemplar Investment Grade Fund – Series I | 515.473 | Of record and beneficial | 100.00% |
| Individual Investor I* | Exemplar Investment Grade Fund – Series G | 50,746.423 | Of record and beneficial | 32.22% |
| Individual Investor J* | Exemplar Investment Grade Fund – Series G | 49,877.246 | Of record and beneficial | 31.67% |
| Exemplar Growth and Income Fund | Exemplar Investment Grade Fund – Series ETF | 62,400.000 | Of record and beneficial | 27.70% |
| Exemplar Leaders Fund | | | | |
| Individual Investor K* | Exemplar Leaders Fund – Series F | 29,747.339 | Of record and beneficial | 10.90% |
| Exemplar Performance Fund | | | | |
| Individual Investor L* | Exemplar Performance Fund – Series AD | 2,852.274 | Of record and beneficial | 12.02% |
| Individual Investor M* | Exemplar Performance Fund – Series FD | 6,980.417 | Of record and beneficial | 15.80% |
| Arrow Capital Management Inc. | Exemplar Performance Fund – Series I | 460.549 | Of record and beneficial | 100.00% |

| Unitholder | Fund/Series | Number of Units Held | Type of Ownership | Percentage of Fund / Series of Units |
|--|--|----------------------|--------------------------|--------------------------------------|
| Individual Investor N* | Exemplar Performance Fund – Series LD | 11,563.112 | Of record and beneficial | 46.61% |
| Individual Investor O* | Exemplar Performance Fund – Series LD | 4,354.831 | Of record and beneficial | 17.55% |
| Individual Investor P* | Exemplar Performance Fund – Series LD | 3,978.731 | Of record and beneficial | 16.04% |
| Exemplar Tactical Corporate Bond Fund | | | | |
| Exemplar Growth and Income Fund | Exemplar Tactical Corporate Bond Fund – Series I | 90,518.559 | Of record and beneficial | 100.00% |
| Individual Investor Q* | Exemplar Tactical Corporate Bond Fund – Series L | 13,758.242 | Of record and beneficial | 11.75% |
| Individual Investor R* | Exemplar Tactical Corporate Bond Fund – Series L | 12,629.507 | Of record and beneficial | 10.78% |
| Individual Investor S* | Exemplar Tactical Corporate Bond Fund – Series U | 5,915.058 | Of record and beneficial | 70.29% |
| Individual Investor T* | Exemplar Tactical Corporate Bond Fund – Series U | 2,498.874 | Of record and beneficial | 29.71% |
| Individual Investor U* | Exemplar Tactical Corporate Bond Fund – Series G | 3,970.798 | Of record and beneficial | 93.89% |

* To protect the privacy of these individual investors, we have omitted the name of the unitholders. This information is available on request by contacting Arrow at the telephone number on the back of this annual information form.

Except as set out above, as of June 26, 2018, to the knowledge of the directors and executive officers of the Manager, no person owned of record more than 10% of the outstanding units of the Series ETF units.

Manager: As at the date hereof, the directors and senior officers of the Manager owned, directly or indirectly, in aggregate, 83.7% of the outstanding shares of the Manager.

Independent Review Committee: As at the date hereof, none of the members of the IRC own any units of the Funds.

CUSTODIAN

The Custodian of the assets of the Funds is CIBC Mellon Trust Company, One York Street Suite 900 Toronto, ON M5J 0B6 Canada, pursuant to a custodial services agreement dated March 16, 2016, as amended as of May 18, 2017 (the “**Custodial Agreement**”). Any party may at any time terminate the Custodial Agreement without any penalty by giving at least 90 days’ notice to the other parties of such termination.

Any assets of the Funds not held by the Custodian are held by CDS Clearing and Depository Services Inc. or the Depository Trust Company or other domestic or foreign depository system where necessary, within the meaning of Section 6 of NI 81-102. The fees of the Custodian are payable by the Funds.

AUDITOR

The auditor of the Funds is PricewaterhouseCoopers LLP, Toronto, Ontario. Although the approval of unitholders of a Fund is not required before changing the auditor of a Fund, unitholders will be sent a written notice at least 60 days before the effective date of such change.

REGISTRAR AND TRANSFER AGENT AND VALUATION AGENT

CIBC Mellon Global Securities Services Company in Toronto is the valuation agent for the Funds.

RBC Investor Services Trust in Toronto is the service provider for record keeping services for Mutual Fund Series units of the Funds.

TSX Trust Company in Toronto is the registrar and transfer agent for the ETF Series units of the Funds.

SECURITIES LENDING AGENT

The Bank of New York Mellon, a New York State chartered bank, is the securities lending agent (the “**Securities Lending Agent**”) for the Funds. The Securities Lending Agent is independent of the Manager. The Manager has appointed the Securities Lending Agent under the terms of a written agreement between the Manager and the Securities Lending Agent on behalf of the Funds in order to administer any securities lending, repurchase and reverse repurchase transactions for the Funds. See “Policies and Procedures – Securities Lending, Repurchase or Reverse Repurchase Transactions” on page 29 for additional information regarding the Securities Lending Agent and securities lending practices of the Funds.

Pursuant to the Securities Lending Agreement, the Funds will indemnify the Securities Lending Agent, and the Securities Lending Agent and affiliates will indemnify the Funds, from all claims, losses, damages, liabilities, costs and expenses (including reasonable counsel fees and expenses but excluding consequential or indirect damages), suffered by any party arising from: (i) the failure of the indemnifying party to perform any of its obligations under the Securities Lending Agreement, (ii) any inaccuracy of any representation or warranty made by the indemnifying party in the Securities Lending Agreement, or (iii) any fraud, bad faith, wilful misconduct, gross negligence or reckless disregard of duties by the indemnifying party, in connection with or relating to the Securities Lending Agreement. The Securities Lending Agreement may be terminated at any time at the option of either party upon 30 days’ prior written notice to the other party.

FUND GOVERNANCE

Arrow has responsibility for governance of the Funds. Arrow is registered under the *Securities Act* (Ontario) as a portfolio manager, investment fund manager, exempt market dealer and commodity trading manager. As both an advisor and a dealer, Arrow maintains reasonable policies and procedures to minimize the potential for conflict resulting from its activities as both an advisor and a dealer and discloses that it provides both services, and its policies relating to potential conflicts in its adopted Statement of Policies, which is available for review on Arrow’s website.

Independent Review Committee

National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“**NI 81-107**”) requires all publicly-offered investment funds, such as the Funds, to establish an IRC. The IRC is required to be comprised of a minimum of three members, each of whom must be independent of the Manager and the Funds. The current members of the independent review committee of the Manager are Ross MacKinnon (chair), Harvey Naglie and John Anderson. Ronald Riley resigned as a member of the independent review committee effective May 11, 2018 and Mr. Harvey Naglie was appointed to fill the vacancy. Below is a brief profile of each committee member.

Ross MacKinnon was director of financial markets with the Bank of Canada from February 2000 until February 2009. Mr. MacKinnon began his employment with Nesbitt Burns in February 1985 and held the position of Senior Vice President and Director from September 1987 until June 1999. Mr. MacKinnon received an Honours Business Administration degree from the University of Western Ontario in 1972.

John Anderson has over 30 years of financial and corporate governance experience including 14 years as a partner at Ernst & Young from 1979 to 1992. Mr. Anderson was the Chief Financial Officer of LPBP Inc., a company which formerly invested in health science-focussed partnerships, since May 2004. Mr. Anderson was the Chief

Financial Officer of TriNorth Capital Inc. from June 2009 to December 2009 and the Chief Financial Officer of Impax Energy Services Income Trust, an income trust, from June 2006 to May 2009. From 2005 to June 2006, Mr. Anderson was self-employed. Previously, he was the Chief Financial Officer of The T. Eaton Company Limited. Mr. Anderson currently serves as a director and chair of the Audit Committee of Pivot Technology Solutions Inc. (CVE:PTG) and an independent director of Marret Resource Corp (TSE:MAR). Mr. Anderson was formerly the Chairman of the Board of Directors of Ridley College. Mr. Anderson holds a Bachelor of Arts degree from the University of Toronto and is a chartered professional accountant, regulated by the Canadian Institute of Chartered Accountants in Canada. In 2006, Mr. Anderson obtained the ICD.D designation by graduating from the Rotman Institute of Corporate Directors at the University of Toronto.

Harvey Naglie MA, MBA, LL.M. Mr. Naglie is a member of the Ontario Securities Commission Investor Advisory Panel (IAP) and the Ombudsman of Banking and Investment Services Consumer and Investor Advisory Committee. Mr. Naglie is also a Certified Director. Prior to retiring in November 2016, Mr. Naglie was a senior policy advisor working for the government of the Province of Ontario. Previously, he held senior positions as Vice President of Business Development at Mount Sinai Hospital, President of Financial Executives International and President of BT Bank of Canada.

The Manager's IRC acts in accordance with applicable securities law, including NI 81-107. The mandate of the IRC is to review and provide either its approval or recommendations, as the case may be, to the Manager on conflict of interest matters that the Manager has referred to the IRC for review. For greater certainty, unless specified, the mandate of the IRC does not include broader oversight functions with respect to the Funds, including compliance matters, audit functions or administrative functions.

The IRC has adopted a written charter, which it follows when performing its functions, and is subject to requirements to conduct regular assessments. In performing their duties, members of the IRC are required to act honestly, in good faith and in the best interests of the Funds and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The IRC reports annually to the unitholders of the Funds. These reports will be available free of charge upon request by calling the Manager toll-free at 1 (877) 327-6048 or (416) 323-0477 or by email at info@arrow-capital.com.

The IRC members perform a similar function as the independent review committee for other investment funds managed by us. IRC members are paid a fixed annual fee for their services. The annual fees are determined by the IRC and disclosed in its annual report to unitholders or shareholders of the Funds. For the year ended December 31, 2017, members of the IRC were paid, in aggregate, \$46,000 and individually as follows: Mr. MacKinnon: \$18,000; Mr. Riley: \$14,000; and Mr. Anderson: \$14,000. Members of the IRC are also reimbursed for their expenses which are typically nominal and associated with travel and the administration of meetings. Members of the IRC did not make any claims for reimbursement for these expenses for the year ended December 31, 2017. Their annual fees were allocated across all investment funds managed by us with the result that only a small portion of such fees were allocated to any single fund.

Policies and Procedures – Conflict of Interest

NI 81-107 requires the Manager to have policies and procedures relating to the management of any conflicts of interest. The Manager has existing policies, procedures and guidelines including, but not limited to, investment trade allocation, portfolio monitoring, soft dollar arrangements, proxy voting, and pricing of illiquid or restricted securities that are applicable to its management of conflicts of interest. The Manager is required to identify conflict of interest matters inherent in its management of the Funds and request input from the IRC in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest.

Policies and Procedures – Expense Allocation

Specifically, the Manager has a policy on the allocation of costs and expenses that the Funds' reimburse to the Manager. The policy ensures that the costs and expenses are generally limited to: (i) costs and expenses necessarily incurred in the daily operation of the Funds; (ii) reasonable costs and expenses that are reasonably incurred in the

operation of the Funds; (iii) expenses that are closely linked to the specific operation of the Funds; and (iv) the proportionate share of the allocated expenses can be accurately and readily determined.

Policies and Procedures – Derivatives

The objectives and goals for derivative trading are described in the simplified prospectus and risk management procedures in connection therewith are regularly reviewed by the Manager. The Funds follows the investment restrictions and practices set out in NI 81-102 with respect to the use of derivatives for hedging and non-hedging purposes. An analysis of derivative instruments is performed regularly to ensure the mark-to-market value with any one counterparty does not exceed, for a period of 30 days, 10% of the net asset value of a Fund. The Manager monitors trading activities in conjunction with the portfolio advisor and sub-advisors and is responsible for applying trading limits, if any, and other controls, if required.

Except as described above, there are no other written policies with respect to derivative use. The portfolio advisor and sub-advisors of the Funds are responsible for establishing trading limits and other controls on derivative trading. The risk exposure of a Fund's derivatives trades are not generally independently monitored and risk measurement procedures or simulations are not currently used to test the portfolio under stress conditions.

Policies and Procedures – Short Selling

The Funds may short sell as permitted by securities regulations. A description of short selling, how the Funds intend to engage in short selling, and the risks associated with short selling can be found in the Funds' current simplified prospectus.

The Manager has established and maintains written policies and procedures that set out the objectives and goals for short selling and the applicable risk management procedures. Such policies are the responsibility of senior management at the Manager and as such will be reviewed on at least a semi-annual basis by both senior management and the Manager's investment committee. Compliance monitoring of the short-selling policy and its associated procedures is the responsibility of the operations group at the Manager which is separate and distinct from the investment management team. Any issues or concerns are first raised to the investment committee and, if deemed necessary, to the Chief Executive Officer and to the Chief Investment Officer. Risk measurement procedures or simulations are not currently used to test the portfolio under stress conditions.

Policies and Procedures – Securities Lending, Repurchase or Reverse Repurchase Transactions

The Funds may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions. For details about how these funds engage in these transactions, see "*How the funds engage in securities lending transactions*" under "*Specific information about each of the mutual funds described in this document*" in Part A of the simplified prospectus. A Fund may enter into these transactions only as permitted under securities law.

A Fund will not enter into a securities lending transaction or a repurchase transaction if, immediately thereafter, the aggregate market value of all securities loaned by the Fund and not yet returned to it or sold by the Fund in a repurchase transaction and not yet repurchased would exceed 50% of the total assets of the Fund (exclusive of collateral held by the Fund for securities lending transactions and cash held by the Fund for repurchase transactions).

The risks associated with these transactions will be managed by requiring that the Securities Lending Agent to enter into such transactions for the Fund with reputable and well-established Canadian and foreign brokers, dealers and institutions. The Securities Lending Agent is required to maintain internal controls, procedures and records including a list of approved third parties based on generally accepted creditworthiness standards, transaction and credit limits for each third party, and collateral diversification standards. Each day, the Securities Lending Agent will determine the market value of both the securities loaned by a Fund under a securities lending transaction or sold by a Fund under a repurchase transaction and the cash or collateral held by the Fund for such transactions. If on any day the market value of the cash or collateral is less than 102% of the market value of the borrowed or sold securities, on the next day the borrower will be required to provide additional cash or collateral to the Fund to make up the shortfall.

Arrow and the Securities Lending Agent review at least annually the policies and procedures described above to ensure that the risks associated with securities lending, repurchase and reverse repurchase transactions are being properly managed. Risk measurement procedures or simulations are not currently used to test the portfolio under stress conditions.

Proxy Voting Guidelines

The following guidelines summarize the corporate governance principles, which the Funds will generally support through the exercise of votes.

- Resolutions that promote the effectiveness of boards in acting in the best interests of shareholders.
- The election of directors, the appointment of auditors and the approval of the recommended auditor compensation where the issuer's audit committee and the majority of board members are independent.
- Compensation arrangements that are tied to long-term corporate performance and shareholder value.
- Changes in capitalization where a reasonable need for the change is demonstrated.

The Manager will generally oppose proposals, regardless of whether they are advanced by management or shareholders, whereby the purpose or effect of which is to entrench management or dilute shareholder ownership. Stock option plans that are overly generous or excessively dilutive to other shareholders will not be supported.

Other issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on value to the Funds. Any conflict of interest must be resolved in a way that most benefits unitholders. We take our responsibility to exercise our votes very seriously and use our best efforts to exercise this right in all cases. However, in some circumstances it may be impractical or impossible for us to vote. Such circumstances include when we have loaned securities to a third party and are unable to recall the securities in sufficient time to vote. As well in international markets where share blocking applies we typically will not vote due to liquidity constraints.

The policies and procedures that the Funds follow when voting proxies relating to portfolio securities are available on request, at no cost, by calling the Manager toll-free at 1 (877) 327-6048 or (416) 323-0477 or by email at info@arrow-capital.com.

The proxy voting record for the Funds for the most recent 12-month period ended June 30 of each year will be available free of charge to any unitholder of a Fund upon request at any time after August 31 of that year. The proxy voting record for the Funds will also be available on the Funds' website at www.arrow-capital.com.

Reporting to Unitholders

The fiscal year end of the Funds is December 31. The Funds will deliver or make available to unitholders: (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim management reports of fund performance.

Each unitholder will also be mailed annually, by his, her or its broker, no later than March 31, information necessary to enable such unitholder to complete an income tax return with respect to amounts paid or payable by the Fund owned by such unitholder in respect of the preceding taxation year of the Fund.

MATERIAL CONTRACTS

The material contracts affecting the Funds are:

- (a) the Declaration of Trust referred to under the heading “Name, Formation and History of the Funds – The Funds” (page 1);
- (b) the Management Agreement referred to under the heading “Responsibility for Principal Functions – Manager and Trustee” (page 8);
- (c) the sub-advisory agreements referred to under the heading “Responsibility for Principal Functions – Portfolio Advisors and Sub-Advisors – Exemplar Tactical Corporate Bond Fund and Exemplar Investment Grade Fund ” (page 9); and
- (d) the Custodial Agreement referred to under the heading “Custodian” (page 26).

Copies of the material contracts are available for inspection during regular business hours at the principal office of the Manager.

EXEMPTIONS AND APPROVALS

Permitted ETFs Relief

The Funds have received exemptive relief from the requirements set out in certain Canadian securities legislation in order to invest in Permitted ETFs. See “Investment Restrictions – Investing in Permitted ETFs” on page 4.

Cleared Swaps Relief

The Funds have received exemptive relief from the requirements set out in certain Canadian securities legislation in order to invest cleared swaps. See “Investment Restrictions – Use of Cleared Swaps” on page 4.

Relief with Respect to Cover for Derivative Positions

The Funds have received exemptive relief to allow the Funds to cover derivative positions with forms of cover beyond what is contemplated by NI 81-102. See “Investment Restrictions – Relief with Respect to Cover for Derivative Positions” on page 5.

Relief with Respect to the Offering of Series ETF Units

The Funds have received exemptive relief from the requirements set out in certain Canadian securities legislation in order to offer the Series ETF units. See “Investment Restrictions – Relief with Respect to the Offering of Series ETF Units” on page 6.

**CERTIFICATE OF THE FUNDS
AND OF ARROW CAPITAL MANAGEMENT INC. AS MANAGER, TRUSTEE AND PROMOTER**

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the units offered by the simplified prospectus, as required by the securities legislation of all provinces and territories of Canada, and do not contain any misrepresentations.

DATED: July 5, 2018

“James McGovern”
James McGovern
Chief Executive Officer of
Arrow Capital Management Inc.

“Robert Maxwell”
Robert Maxwell
Chief Financial Officer of
Arrow Capital Management Inc.

On behalf of the Board of Directors
of ARROW CAPITAL MANAGEMENT INC.
as Trustee, Manager and Promoter of the Funds

“Frederick Dalley”
Frederick Dalley
Director of Arrow Capital Management Inc.

“Mark Purdy”
Mark Purdy
Director of Arrow Capital Management Inc.

EXEMPLAR MUTUAL FUNDS

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

**ARROW CAPITAL MANAGEMENT INC.,
Manager and Trustee of Exemplar Mutual Funds**

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36 Toronto Street Suite 750
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M5C 2C5
Tel: (416) 323-0477
Fax: (416) 323-3199

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1066 West Hastings Street
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Fax: (604) 408-8893

Calgary Office (Regional Office - Sales only)

800 – 350 7th Ave. SW
Calgary, Alberta
T2P 3N9
Tel: (403) 668-5546
Fax: (403) 705-1921

Additional information about the Funds is available in the Funds' fund facts, ETF Facts, management reports of fund performance and financial statements.

You may obtain a copy of these documents at no cost by calling toll free 1 (877) 327-6048 or (416) 323-0477, or from your dealer or by email at info@arrow-capital.com.

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the Funds' website www.arrow-capital.com or on SEDAR at www.sedar.com.