



UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS

JUNE 2016

EXEMPLAR GROWTH AND INCOME FUND | EXEMPLAR INVESTMENT GRADE FUND |
EXEMPLAR LEADERS FUND | EXEMPLAR PERFORMANCE FUND | EXEMPLAR TACTICAL
CORPORATE BOND FUND | EXEMPLAR U.S. HIGH YIELD FUND

EXEMPLAR GROWTH AND INCOME FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Financial assets designated at fair value through profit and loss	\$9,255,430	\$8,761,937
Financial assets held for trading		
Warrants	11,625	-
Unrealized gain on forward currency contracts	1,992	7,771
Cash	2,113,581	1,042,162
Margin deposit	991,177	-
Accrued dividends receivable	8,543	10,512
Accrued interest receivable	403	-
Receivable for securities sold	496,497	368,859
Receivable for redeemable units issued	104,000	-
	12,983,248	10,191,241
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Investments sold short	226,969	-
Unrealized loss on forward currency contracts	-	22,648
Payable for securities purchased	1,054,210	556,057
Accrued dividends payable	673	-
Payable for redeemable units redeemed	91,310	9,467
Other liabilities (Note 9)	18,266	15,124
	1,391,428	603,296
Net assets attributable to holders of redeemable units	\$11,591,820	\$9,587,945
Net assets attributable to holders of redeemable units		
Series A	\$3,723,854	\$3,822,151
Series AN	\$831,893	\$388,601
Series F	\$1,481,944	\$1,179,853
Series FN	\$4,346,350	\$3,225,373
Series I	\$871,193	\$835,903
Series L	\$238,667	\$84,886
Series LN	\$97,919	\$51,178
Number of redeemable units outstanding (Note 7)		
Series A	363,092	380,417
Series AN	79,476	38,453
Series F	145,093	118,491
Series FN	407,127	314,537
Series I	85,341	84,458
Series L	23,785	8,642
Series LN	9,370	5,062
Net assets attributable to holders of redeemable units per unit		
Series A	\$10.26	\$10.05
Series AN	\$10.47	\$10.11
Series F	\$10.21	\$9.96
Series FN	\$10.68	\$10.25
Series I	\$10.21	\$9.90
Series L	\$10.03	\$9.82
Series LN	\$10.45	\$10.11

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

EXEMPLAR GROWTH AND INCOME FUND

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

"James L. McGovern"

"Robert W. Maxwell"

James L. McGovern, Director

Robert W. Maxwell, Director

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

EXEMPLAR GROWTH AND INCOME FUND

Statements of Comprehensive Income (Unaudited)

For the period ended June 30, 2016 and for the period from March 24, 2015 (date of commencement of operations) to June 30, 2015

	2016 \$	2015 \$
INCOME		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	1,750	25
Dividend income	57,842	1,093
Dividend expense on short sales	(5,743)	-
Net realized gain (loss) on investments and derivatives	425,179	18,564
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	120,121	5,725
Net gains (losses) on investments and derivatives	599,149	25,407
Other income items:		
Interest on cash	2,685	556
Foreign exchange gain (loss)	(20,485)	(219)
Net change in unrealized foreign exchange gain (loss)	763	180
Total income (net)	582,112	25,924
EXPENSES		
Securityholder reporting fees	47,778	23,344
Management fees (Note 9)	71,811	3,739
Interest expense	1,967	-
Audit fees	10,232	5,667
Legal fees	4,226	8,991
Independent Review Committee fees	2,300	-
Custodial fees	20,441	1,500
Commissions and other portfolio transaction costs (Note 9)	41,188	1,809
Withholding tax expense	-	40
Harmonized sales tax	8,142	613
Total expenses before manager absorption	208,085	45,703
Less: expenses absorbed by manager (Note 9)	(64,810)	(38,527)
Total expenses after manager absorption	143,275	7,176
Increase (decrease) in net assets attributable to holders of redeemable units	438,837	18,748
Increase (decrease) in net assets attributable to holders of redeemable units (Note 11)		
Series A	132,981	1,268
Series AN	33,261	478
Series F	66,235	19,207
Series FN	156,951	(2,528)
Series I	39,038	-
Series L	6,802	157
Series LN	3,569	166
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 11)		
Series A	0.36	0.12
Series AN	0.50	0.05
Series F	0.47	0.29
Series FN	0.45	(0.07)
Series I	0.46	-
Series L	0.44	0.04
Series LN	0.43	0.17

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

EXEMPLAR GROWTH AND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the period ended June 30, 2016 and for the period from March 24, 2015 (date of commencement of operations) to June 30, 2015

		2016 \$	2015 \$
Net assets attributable to holders of redeemable units at beginning of period			
	Series A	3,822,151	-
	Series AN	388,601	-
	Series F	1,179,853	-
	Series FN	3,225,373	-
	Series I	835,903	-
	Series L	84,886	-
	Series LN	51,178	-
		<u>9,587,945</u>	<u>-</u>
Increase (decrease) in net assets attributable to holders of redeemable units			
	Series A	132,981	1,268
	Series AN	33,261	478
	Series F	66,235	19,207
	Series FN	156,951	(2,528)
	Series I	39,038	-
	Series L	6,802	157
	Series LN	3,569	166
		<u>438,837</u>	<u>18,748</u>
Distributions to holders of redeemable units			
From net investment income	Series A	(55,498)	(1,899)
	Series AN	-	-
	Series F	(22,241)	(5,099)
	Series FN	-	-
	Series I	(12,673)	-
	Series L	(2,596)	(336)
	Series LN	-	-
		<u>(93,008)</u>	<u>(7,334)</u>
From net realized gains on investments and derivatives	Series A	-	-
	Series AN	-	-
	Series F	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LN	-	-
		<u>-</u>	<u>-</u>
Return of capital	Series A	-	-
	Series AN	-	-
	Series F	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LN	-	-
		<u>-</u>	<u>-</u>
Total distributions to holders of redeemable units		<u>(93,008)</u>	<u>(7,334)</u>

Continued on next page.

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

EXEMPLAR GROWTH AND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the period ended June 30, 2016 and for the period from March 24, 2015 (date of commencement of operations) to June 30, 2015

		2016	2015
		\$	\$
<i>Continued from previous page.</i>			
Proceeds from redeemable units issued	Series A	145,404	268,636
	Series AN	448,876	229,337
	Series F	455,973	680,500
	Series FN	1,136,418	1,020,381
	Series I	-	-
	Series L	147,908	63,500
	Series LN	53,500	10,000
Reinvestments of distributions to holders of redeemable units	Series A	47,319	988
	Series AN	-	-
	Series F	21,484	4,988
	Series FN	-	-
	Series I	12,673	-
	Series L	1,667	111
	Series LN	-	-
Redemption of redeemable units	Series A	(368,503)	-
	Series AN	(38,845)	(2,500)
	Series F	(219,360)	-
	Series FN	(172,392)	-
	Series I	(3,748)	-
	Series L	-	-
	Series LN	(10,328)	-
Net increase (decrease) from redeemable unit transactions		1,658,046	2,275,941
Net increase (decrease) in net assets attributable to holders of redeemable units		2,003,875	2,287,355
	Series A	3,723,854	268,993
	Series AN	831,893	227,315
	Series F	1,481,944	699,596
	Series FN	4,346,350	1,017,853
	Series I	871,193	-
	Series L	238,667	63,432
	Series LN	97,919	10,166
Net assets attributable to holders of redeemable units at end of period		11,591,820	2,287,355

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

EXEMPLAR GROWTH AND INCOME FUND

Statements of Cash Flows (Unaudited)

For the period ended June 30, 2016 and for the period from March 24, 2015 (date of commencement of operations) to June 30, 2015

	2016 \$	2015 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	438,837	18,748
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(680)	17
Net realized (gain) loss on investments and derivatives	(425,179)	(18,564)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(120,121)	(5,725)
Purchase of investments	(49,879,699)	(3,471,950)
Proceeds on sale of investments	50,500,496	1,296,870
Decrease (increase) in accrued dividends receivable	1,969	(400)
Decrease (increase) in accrued interest receivable	(403)	-
Increase (decrease) in accrued dividends payable	673	-
Increase (decrease) in other liabilities	3,142	3,178
Decrease (increase) in margin deposit	(991,177)	-
Net cash from (used in) operating activities	(472,142)	(2,177,826)
Cash flows from (used in) financing activities		
Proceeds from redeemable units issued	2,284,079	2,272,354
Redemption of redeemable units	(731,333)	(2,500)
Distributions paid to holders of redeemable units, net of reinvested distributions	(9,865)	(1,247)
Net cash from (used in) financing activities	1,542,881	2,268,607
Net Increase (decrease) in cash	1,070,739	90,781
Cash at beginning of the period	1,042,162	-
Net change in unrealized foreign exchange gain (loss) on cash	680	(17)
Cash at end of the period	2,113,581	90,764
Interest received*	4,032	581
Dividends received, net of withholding tax*	59,811	653

*Included as part of cash flows from operating activities

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

EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		31.5%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Consumer Discretionary		3.8%			
A&W Revenue Royalties Income Fund	CAD		1,500	48,093	49,125
Dollarama Inc.	CAD		600	55,672	54,120
Hudson's Bay Company	CAD		3,000	53,298	46,770
Martinrea International Inc.	CAD		2,000	17,078	16,000
Newell Brands Inc.	USD		800	43,779	50,548
NYX Gaming Group Limited	CAD		10,500	28,442	23,940
Poydras Gaming Finance Corp.	CAD		100,000	51,700	60,000
Shaw Communications Inc.	CAD		2,500	61,395	62,000
Spin Master Corp.	CAD		2,100	55,860	55,965
Yellow Pages Limited	CAD		1,500	28,613	27,480
				443,930	445,948
Consumer Staples		5.0%			
Anheuser-Busch InBev SA/NV	USD		400	64,939	68,521
Clearwater Seafoods Incorporated	CAD		3,900	56,815	54,522
ConAgra Foods, Inc.	USD		1,100	66,380	68,416
Corby Spirit and Wine Limited	CAD		2,800	55,302	56,840
Cott Corporation	CAD		3,800	79,658	68,628
Empire Company Limited	CAD		1,300	27,490	24,973
Loblaw Companies Limited	CAD		600	42,534	41,466
Maple Leaf Foods Inc.	CAD		1,000	27,325	27,590
Molson Coors Brewing Company	USD		300	38,643	39,468
Sysco Corporation	USD		800	51,619	52,806
Wal-Mart Stores, Inc.	USD		800	73,807	75,993
				584,512	579,223
Energy		0.8%			
Tourmaline Oil Corp.	CAD		1,000	31,357	34,010
ZCL Composites Inc.	CAD		6,000	52,634	53,820
				83,991	87,830
Financials		3.5%			
Brookfield Asset Management Inc.	CAD		1,700	75,838	72,658
Callidus Capital Corporation	CAD		1,900	28,203	30,400
CME Group Inc.	USD		300	36,810	38,012
Dream Industrial Real Estate Investment	CAD		5,000	42,110	43,650
Element Financial Corporation	CAD		4,000	60,123	54,800
Inovalis Real Estate Investment Trust	CAD		1,000	9,873	9,940
Killam Apartment Real Estate Investment Trust	CAD		1,500	18,000	19,035
Manulife Financial Corporation	CAD		2,000	33,874	35,340
Pure Multi-Family REIT LP	CAD		3,500	25,706	26,390
Tricon Capital Group Inc.	CAD		8,500	76,075	73,950
				406,612	404,175
Health Care		1.4%			
Chartwell Retirement Residences	CAD		3,000	43,907	47,310

EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		31.5%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Extendicare Inc.	CAD		2,000	16,087	16,280
Nobilis Health Corp.	CAD		14,500	54,514	41,325
Sienna Senior Living Inc.	CAD		3,400	53,890	58,106
				168,398	163,021
Industrials		4.6%			
Aecon Group Inc.	CAD		2,000	35,221	35,160
AeroVironment, Inc.	USD		900	36,217	32,549
Air Canada	CAD		2,900	28,778	25,781
ATS Automation Tooling Systems Inc.	CAD		3,500	36,696	34,020
Bird Construction Inc.	CAD		2,500	29,663	33,425
Black Diamond Group Limited	CAD		3,000	16,014	16,170
Brookfield Business Partners L.P.	CAD		34	1,182	833
CAE Inc.	CAD		3,400	55,197	53,074
General Electric Company	USD		700	27,737	28,667
Lockheed Martin Corporation	USD		180	55,195	58,112
MacDonald, Dettwiler and Associates Ltd.	CAD		700	60,587	58,989
Macquarie Infrastructure Corporation	USD		300	28,078	28,899
Ovivo Inc.	CAD		4,000	11,824	11,600
Russel Metals Inc.	CAD		1,000	24,829	22,880
SNC-Lavalin Group Inc.	CAD		1,800	90,276	97,668
				537,494	537,827
Information Technology		4.2%			
BSM Technologies Inc.	CAD		28,900	31,305	32,368
Cisco Systems, Inc.	USD		1,700	63,548	63,449
Nuance Communications, Inc.	USD		1,000	23,236	20,333
NXP Semiconductors N.V.	USD		100	10,044	10,191
Pivot Technology Solutions, Inc.	CAD		46,000	18,277	17,940
Sandvine Corporation	CAD		10,000	33,953	26,600
Scout24 AG	EUR		900	46,720	43,312
Shopify Inc.	CAD		1,200	47,671	47,712
Symantec Corporation	USD		1,900	45,211	50,769
TIO Networks Corp.	CAD		17,400	34,831	39,324
Tucows Inc.	USD		1,000	30,557	31,690
Vecima Networks Inc.	CAD		3,000	33,631	30,540
Visa Inc.	USD		800	82,183	77,190
				501,167	491,418
Materials		6.3%			
Albemarle Corporation	USD		800	79,284	82,539
Barrick Gold Corporation	USD		3,800	97,913	105,542
Dalradian Resources Inc.	CAD		24,500	25,194	24,010
International Paper Corp.	USD		400	21,845	22,053
Intertape Polymer Group Inc.	CAD		1,000	20,806	21,080
Lithium Americas Corp.	CAD		79,200	62,223	86,328
Lundin Mining Corporation	CAD		5,000	21,123	21,800

EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		31.5%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Methanex Corporation	CAD		500	22,109	18,795
Norbord Inc.	CAD		1,200	33,496	30,312
Primero Mining Corp.	CAD		13,000	30,550	34,970
Richmont Mines Inc.	CAD		4,800	46,699	57,552
Silver Wheaton Corp.	CAD		900	25,928	27,369
Sociedad Quimica y Minera de Chile S.A.	USD		2,700	77,139	86,827
Stella-Jones Inc.	CAD		1,000	48,750	48,110
Trevali Mining Corporation	CAD		56,000	35,018	31,360
West Fraser Timber Co. Ltd.	CAD		700	27,399	26,439
				<u>675,476</u>	<u>725,086</u>
Telecommunication Services		0.2%			
Vodafone Group Public Limited Company	USD		700	27,204	28,129
Utilities		1.6%			
Crius Energy Trust	CAD		10,000	85,068	83,800
Polaris Infrastructure Inc.	CAD		2,500	20,043	20,250
TransAlta Corporation	CAD		4,500	30,269	30,240
Valener Inc.	CAD		2,400	52,570	52,608
				<u>187,950</u>	<u>186,898</u>
				<u>3,616,734</u>	<u>3,649,555</u>

Equity Positions - Short		(1.5%)			
Security Name			Quantity	Proceeds	Fair Value
				\$	\$
Consumer Discretionary		(0.3%)			
Nordstrom, Inc.	USD		(300)	(14,177)	(14,850)
Shake Shack Inc.	USD		(300)	(13,964)	(14,218)
				<u>(28,141)</u>	<u>(29,068)</u>
Financials		(0.7%)			
Home Capital Group Inc.	CAD		(800)	(25,626)	(25,616)
RioCan Real Estate Investment Trust	CAD		(1,900)	(53,338)	(55,727)
				<u>(78,964)</u>	<u>(81,343)</u>
Industrials		(0.3%)			
Finning International Inc.	CAD		(1,500)	(28,867)	(31,560)
Telecommunication Services		(0.2%)			
Consolidated Communications Holdings, Inc.	USD		(600)	(17,629)	(21,262)
				<u>(153,601)</u>	<u>(163,233)</u>

EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Funds - Long		47.5%		
Security Name	Currency	Quantity	Average Cost	Fair Value
			\$	\$
BMO Laddered Preferred Share Index ETF	CAD	10,000	98,367	96,100
East Coast Investment Grade Income Fund	CAD	55,200	475,380	491,832
Exemplar Performance Fund	CAD	221,197	2,266,976	2,266,951
Exemplar Tactical Corporate Bond Fund	CAD	56,045	556,085	569,049
Exemplar US High Yield Fund	CAD	163,758	1,645,000	1,667,345
iShares S&P/TSX Canadian Preferred Share Index ETF	CAD	7,500	93,626	92,550
iShares S&P/TSX Capped Energy	CAD	1,600	18,754	19,200
iShares TIPS Bond ETF	USD	900	136,705	136,598
SPDR Gold Shares	USD	1,000	164,471	164,590
			<u>5,455,364</u>	<u>5,504,215</u>

Funds - Short		(0.5%)		
Security Name	Currency	Quantity	Average Cost	Fair Value
			\$	\$
iShares S&P/TSX 60 Index ETF	CAD	(3,100)	(62,803)	(63,736)

Fixed Income Positions - Long		0.9%				
Security Name	Currency	Coupon Rate	Maturity Date	Par Value	Average Cost	Fair Value
		%			\$	\$
Gibson Energy Inc.	CAD	5.25	07-15-21	100,000	100,000	101,660

Forward Currency Contracts		0.0%						
Currency Purchased	Notional Value	Currency Sold	Notional Value	Contract Rate	Maturity Date	Counterparty	Credit Rating	Fair Value
								\$
CAD	359,739	USD	(275,000)	1.3081	07-06-16	BNY Mellon	A1	1,992

Warrant Positions - Long		0.1%				
Security Name	Currency	Strike Price	Maturity Date	Quantity	Average Cost	Fair Value
					\$	\$
Osisko Gold Royalties Ltd	CAD	19.08	02-26-19	3,100	5,890	11,625

EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Investment Portfolio Summary		Average Cost / (Proceeds)	Fair Value
	%	\$	\$
Equity Positions - Long	31.5	3,616,734	3,649,555
Equity Positions - Short	(1.5)	(153,601)	(163,233)
Funds - Long	47.5	5,455,364	5,504,215
Funds - Short	(0.5)	(62,803)	(63,736)
Fixed Income Positions - Long	0.9	100,000	101,660
Warrant Positions - Long	0.1	5,890	11,625
Forward Currency Contracts	0.0	-	1,992
Total Investments	78.0	8,961,584	9,042,078
Total Other Net Assets	22.0	-	2,549,742
Total Net Assets	100.0	8,961,584	11,591,820

EXEMPLAR GROWTH AND INCOME FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

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

RISK MANAGEMENT

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

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

A general discussion of financial risk management for the Exemplar Funds appears as Note 4: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2016 and December 31, 2015.

Credit Rating*	Percentage of total debt securities	
	As at June 30, 2016	As at December 31, 2015
	%	%
Below BBB	-	4.8
Not Rated	100.0	95.2
Total	100.0	100.0

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

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit, cash held at the broker and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's prime brokerage services are provided by BMO Nesbitt Burns which has a credit rating of Aa3 (December 31, 2015: Aa3) as rated by Moody's bond rating services.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2015: Aa3).

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa1 (December 31, 2015: Aa1).

Liquidity Risk

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

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

EXEMPLAR GROWTH AND INCOME FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

(a) Currency Risk

The table below indicates the Fund's exposure as at June 30, 2016 and December 31, 2015 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other foreign currencies, with all other variables held constant. Non-monetary items include equities and warrants. Monetary items include cash and other current receivables and payables.

June 30, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	814,933	1,422,536	2,237,469	81,493	142,254	223,747
United States Dollar - Short	(770,988)	(50,330)	(821,318)	(77,099)	(5,033)	(82,132)
Euro Currency - Long	-	43,312	43,312	-	4,331	4,331
Total	43,945	1,415,518	1,459,463	4,394	141,552	145,946
% of net assets attributable to holders of redeemable units	0.4%	12.2%	12.6%	0.0%	1.2%	1.3%

December 31, 2015	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	421,278	1,730,479	2,151,757	42,128	173,048	215,176
United States Dollar - Short	(2,044,939)	-	(2,044,939)	(204,494)	-	(204,494)
Great Britain Pound - Long	837	18,788	19,625	84	1,879	1,963
Total	(1,622,824)	1,749,267	126,443	(162,282)	174,927	12,645
% of net assets attributable to holders of redeemable units	(16.9%)	18.2%	1.3%	(1.7%)	1.8%	0.1%

(b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2016 and December 31, 2015. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to Maturity	Total Exposure	
	June 30, 2016	December 31, 2015
Less than 1 year	\$ -	\$ -
1-3 years	-	72,848
3-5 years	-	-
Greater than 5 years	101,660	36,000
Total	\$ 101,660	\$ 108,848
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ 4,363	+/- \$ 2,870
Total % sensitivity to net assets attributable to holders of redeemable units	0.0%	0.0%

(c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

To achieve the investment objective, the Manager utilizes the following allocation guidelines: 30-90% equity securities, 10-50% fixed income securities and 0-50% money market instruments. Fixed income securities may include investment grade, non-investment grade and distressed fixed income securities, issued by Canadian or non-Canadian corporations, trusts and international agencies and

EXEMPLAR GROWTH AND INCOME FUND

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For the period ended June 30, 2016

governments. The Fund is also permitted to invest in convertible bonds and debentures, loans, preferred shares, exchange traded funds and equities. The Fund may also hold cash. To achieve these target ranges, the Fund may invest in either individual securities or the Manager may invest up to 100% of the assets of the Fund in underlying funds.

The Fund may invest in foreign securities to an extent that will vary from time to time but is not typically expected to exceed 40% of its assets at the time that foreign securities are purchased, however, as the Fund intends to invest certain of its assets in securities of other investments funds that may themselves invest in foreign securities, the actual exposure of the Fund to investments in foreign securities may exceed this amount.

As at June 30, 2016, the impact on net assets of the Fund due to a 5% change in market prices of equity and fund securities is \$446,921 (December 31, 2015: \$432,654) (all other variables held constant).

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk as of June 30, 2016 and December 31, 2015:

June 30, 2016	% of net assets attributable to holders of redeemable units	
	Long Positions	Short Positions
Market Segment	%	%
Consumer Discretionary	3.8	(0.3)
Consumer Staples	5.0	-
Energy	1.8	-
Financials	49.6	(1.2)
Industrials	4.6	(0.3)
Information Technology	4.2	-
Materials	7.8	-
Telecommunication Services	0.2	(0.2)
Health Care	1.4	-
Utilities	1.6	-
Total	80.0	(2.0)

December 31, 2015	% of net assets attributable to holders of redeemable units	
	Long Positions	Short Positions
Market Segment	%	%
Consumer Discretionary	4.1	-
Consumer Staples	4.5	-
Energy	1.1	-
Financials	71.7	-
Health Care	0.8	-
Industrials	1.8	-
Information Technology	3.9	-
Materials	2.2	-
Telecommunication Services	0.9	-
Utilities	0.4	-
Total	91.4	-

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

EXEMPLAR GROWTH AND INCOME FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015:

June 30, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	3,649,555	-	-	3,649,555
Fixed income	-	101,660	-	101,660
Funds	509,038	4,995,177	-	5,504,215
Derivatives	11,625	1,992	-	13,617
Total	4,170,218	5,098,829	-	9,269,047
Financial liabilities				
Equities sold short	(163,233)	-	-	(163,233)
Fixed income sold short	-	-	-	-
Funds	(63,736)	-	-	(63,736)
Derivatives	-	-	-	-
Total	(226,969)	-	-	(226,969)

December 31, 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	2,646,790	-	-	2,646,790
Fixed income	-	108,848	-	108,848
Funds	-	6,006,299	-	6,006,299
Derivatives	-	7,771	-	7,771
Total	2,646,790	6,122,918	-	8,769,708
Financial liabilities				
Derivatives	-	(22,648)	-	(22,648)
Total	-	(22,648)	-	(22,648)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the finance department. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

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

Warrants are valued using models and valuation techniques commonly used in the industry, including inputs such as underlying stock price, restrictions on exercise and days to expiry. When the inputs that are significant to valuation are generally observable, the warrant is classified as Level 2.

As at June 30, 2016, the Fund did not hold any Level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ending June 30, 2016 and 2015.

EXEMPLAR GROWTH AND INCOME FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2016 and 2015.

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

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Total
June 30, 2015	\$	\$	\$	\$	\$	\$	\$
Financial asset at FVTPL:							
Designated as FVTPL	18,564	5,586	25	-	1,093	-	25,268
HFT	-	139	-	-	-	-	139
Total	18,564	5,725	25	-	1,093	-	25,407

EXEMPLAR INVESTMENT GRADE FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Financial assets designated at fair value through profit and loss	\$46,833,453	\$53,339,712
Financial assets held for trading		
Options at fair value - long	116,734	256,208
Unrealized gain on swap contracts	71,445	-
Unrealized gain on futures contracts - long	73,794	7,700
Unrealized gain on futures contracts - short	-	7,569
Unrealized gain on forward currency contracts	-	2,070
Cash	3,793,736	1,103,829
Margin deposits	2,624,655	2,823,987
Accrued dividends receivable	14,504	11,900
Accrued interest receivable	268,152	407,184
Receivable for securities sold	5,329,087	-
Receivable for redeemable units issued	203,219	56,138
	59,328,779	58,016,297
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Unrealized loss on swap contracts	757,726	775,410
Unrealized loss on futures contracts - long	152,244	100,164
Unrealized loss on futures contracts - short	227,344	418,757
Unrealized loss on forward currency contracts	333	-
Margin loan	319,859	286,042
Payable for securities purchased	6,630,023	189,073
Accrued interest payable	11,311	14,848
Payable for redeemable units redeemed	122,346	34,764
Other liabilities (Note 9)	52,818	60,181
	8,274,004	1,879,239
Net assets attributable to holders of redeemable units	\$51,054,775	\$56,137,058
Net assets attributable to holders of redeemable units		
Series A	\$14,439,884	\$14,295,352
Series AI	\$1,902,288	\$1,801,322
Series AN	\$2,605,892	\$1,990,671
Series F	\$27,035,570	\$34,249,772
Series FI	\$3,061,633	\$2,308,105
Series FN	\$1,944,656	\$1,429,487
Series I	\$5,014	-
Series G	\$59,838	\$62,349

Continued on next page

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

EXEMPLAR INVESTMENT GRADE FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
<i>Continued from previous page.</i>		
Number of redeemable units outstanding (Note 7)		
Series A	1,525,665	1,526,674
Series AI	208,515	197,676
Series AN	261,458	205,057
Series F	2,825,269	3,627,975
Series FI	331,912	251,235
Series FN	195,205	147,719
Series I	491	-
Series G	4,737	4,691
Net assets attributable to holders of redeemable units per unit		
Series A	\$9.46	\$9.36
Series AI	\$9.12	\$9.11
Series AN	\$9.97	\$9.71
Series F	\$9.57	\$9.44
Series FI	\$9.22	\$9.19
Series FN	\$9.96	\$9.68
Series I	\$10.21	-
Series G USD	\$9.71	\$9.60
USD/CAD Foreign Exchange Rate	0.7687	0.7225

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

“James L. McGovern”

James L. McGovern, Director

“Robert W. Maxwell”

Robert W. Maxwell, Director

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

EXEMPLAR INVESTMENT GRADE FUND

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

	2016 \$	2015 \$
INCOME		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	948,683	768,744
Dividend income	95,546	-
Dividend expense on short sales	(32,830)	-
Net realized gain (loss) on investments and derivatives	(183,747)	425,234
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	923,281	(528,600)
Net gains (losses) on investments and derivatives	1,750,933	665,378
Other income items:		
Interest on cash	4,536	1,373
Foreign exchange gain (loss)	(60,245)	18,179
Net change in unrealized foreign exchange gain (loss)	(119,137)	29,116
Total income (net)	1,576,087	714,046
EXPENSES		
Securityholder reporting fees	108,734	62,874
Management fees (Note 9)	244,083	261,772
Interest expense	1,667	4,616
Audit fees	9,450	9,000
Legal fees	4,703	14,447
Independent Review Committee fees	2,300	2,367
Custodial fees	8,882	6,417
Commissions and other portfolio transaction costs (Note 9)	6,330	5,275
Commissions on Futures (Note 9)	16,062	-
Harmonized sales tax	23,389	27,796
Total expense before manager absorption	425,600	394,564
Less: expenses absorbed by manager (Note 9)	(83,931)	(40,050)
Total expenses after manager absorption	341,669	354,514
Increase (decrease) in net assets attributable to holders of redeemable units	1,234,418	359,532
Increase (decrease) in net assets attributable to holders of redeemable units (Note 11)		
Series A	341,217	70,638
Series AI	46,897	9,599
Series AN	62,175	(3,716)
Series F	679,787	267,582
Series FI	48,994	16,339
Series FN	46,541	(910)
Series I	10,413	-
Series G	(1,606)	-
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 11)		
Series A	0.23	0.05
Series AI	0.23	0.05
Series AN	0.27	(0.06)
Series F	0.23	0.07
Series FI	0.19	0.08
Series FN	0.28	(0.03)
Series I	0.28	-
Series G	(0.34)	-

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

EXEMPLAR INVESTMENT GRADE FUND

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

		2016 \$	2015 \$
Net assets attributable to holders of redeemable units at beginning of period			
	Series A	14,295,352	13,673,397
	Series AI	1,801,322	1,935,980
	Series AN	1,990,671	-
	Series F	34,249,772	20,079,021
	Series FI	2,308,105	2,115,804
	Series FN	1,429,487	139,684
	Series I	-	-
	Series G	62,349	-
		56,137,058	37,943,886
Increase (decrease) in net assets attributable to holders of redeemable units			
	Series A	341,217	70,638
	Series AI	46,897	9,599
	Series AN	62,175	(3,716)
	Series F	679,787	267,582
	Series FI	48,994	16,339
	Series FN	46,541	(910)
	Series I	10,413	-
	Series G	(1,606)	-
		1,234,418	359,532
Distributions to holders of redeemable units			
From net investment income			
	Series A	(211,614)	(214,807)
	Series AI	(45,353)	(51,122)
	Series AN	-	-
	Series F	(437,203)	(553,996)
	Series FI	(56,455)	(52,617)
	Series FN	-	-
	Series I	-	-
	Series G	(905)	-
		(751,530)	(872,542)
From net realized gains on investments and derivatives			
	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series G	-	-
		-	-
Return of capital			
	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series G	-	-
		-	-

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

EXEMPLAR INVESTMENT GRADE FUND

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

		2016 \$	2015 \$
<i>Continued from previous page.</i>			
Redeemable unit transactions			
Proceeds from redeemable units issued	Series A	1,938,038	4,247,945
	Series AI	217,055	810,131
	Series AN	906,426	1,512,265
	Series F	6,090,055	28,646,629
	Series FI	1,390,286	645,445
	Series FN	567,674	755,973
	Series I	505,016	-
	Series G	-	-
Reinvestments of distributions to holders of redeemable units	Series A	137,618	156,033
	Series AI	12,601	21,855
	Series AN	-	-
	Series F	221,124	289,054
	Series FI	17,634	28,621
	Series FN	-	-
	Series I	-	-
	Series G	-	-
Redemption of redeemable units	Series A	(2,060,727)	(3,215,627)
	Series AI	(130,234)	(444,090)
	Series AN	(353,380)	-
	Series F	(13,767,965)	(4,287,874)
	Series FI	(646,931)	(496,590)
	Series FN	(99,046)	-
	Series I	(510,415)	-
	Series G	-	-
Net increase (decrease) from redeemable unit transactions		(5,565,171)	28,669,770
Net increase (decrease) in net assets attributable to holders of redeemable units		(5,082,283)	28,156,760
	Series A	14,439,884	14,717,579
	Series AI	1,902,288	2,282,353
	Series AN	2,605,892	1,508,549
	Series F	27,035,570	44,440,416
	Series FI	3,061,633	2,257,002
	Series FN	1,944,656	894,747
	Series I	5,014	-
	Series G	59,838	-
Net assets attributable to holders of redeemable units at end of period		51,054,775	66,100,646

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

EXEMPLAR INVESTMENT GRADE FUND

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

	2016 \$	2015 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	1,234,418	359,532
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	122,227	(31,066)
Net realized (gain) loss on investments and derivatives	183,747	(425,234)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(923,281)	528,600
Purchase of investments	(123,309,790)	(130,197,186)
Proceeds on sale of investments and derivatives	131,522,336	103,242,299
Decrease (increase) in accrued interest receivable	139,032	(176,079)
Decrease (increase) in accrued dividend receivable	(2,604)	-
Increase (decrease) in accrued interest payable	(3,537)	-
Increase (decrease) in other liabilities	(7,363)	24,094
Decrease (increase) in margin deposits	199,332	(1,366,200)
Net cash from (used in) operating activities	9,154,517	(28,041,240)
Cash flows from (used in) financing activities		
Proceeds from redeemable units issued	11,467,469	36,425,243
Redemption of redeemable units	(17,481,116)	(8,404,595)
Distributions paid to holders of redeemable units, net of reinvested distributions	(362,553)	(376,979)
Increase (decrease) in margin loan	33,817	(92,251)
Net cash from (used in) financing activities	(6,342,383)	27,551,418
Net Increase (decrease) in cash	2,812,134	(489,822)
Cash at beginning of the period	1,103,829	3,668,409
Net change in unrealized foreign exchange gain (loss) on cash	(122,227)	31,066
Cash at end of the period	3,793,736	3,209,653
Interest received*	1,092,251	594,038
Dividends received*	92,942	-
Interest paid*	(5,204)	(4,616)
*Included as part of cash flows from operating activities		

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

EXEMPLAR INVESTMENT GRADE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		6.4%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Energy		2.1%			
Enbridge Inc.	CAD		21,273	330,395	289,526
Enbridge Inc.	USD		19,746	501,779	431,808
TransCanada Corporation	CAD		13,700	342,500	356,748
				1,174,674	1,078,082
Financials		4.3%			
Bank of Montreal	CAD		30,000	636,480	594,000
The Bank of Nova Scotia	CAD		57,000	1,136,314	1,134,300
Royal Bank of Canada	CAD		17,000	425,000	455,430
				2,197,794	2,183,730
				3,372,468	3,261,812

Funds - Long		3.0%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
BMO Laddered Preferred Share Index ETF	CAD		159,000	1,580,149	1,527,990

Fixed Income Positions - Long		82.4%					
Security Name	Currency	Coupon Rate	Maturity Date	Par Value	Average Cost	Fair Value	
		%			\$	\$	
Aon Finance N.S. 1, ULC	CAD	4.76	03-08-18	700,000	750,638	730,835	
Bank of America Corporation	CAD	3.23	06-22-22	1,616,00	1,616,000	1,682,385	
BMW Canada Inc.	CAD	1.55	06-14-19	1,549,00	1,549,000	1,551,494	
Bruce Power L.P.	CAD	2.84	06-23-21	1,128,00	1,128,000	1,147,999	
Canadian Imperial Bank of Commerce	CAD	1.39	06-01-18	2,500,00	2,500,488	2,504,575	
Citigroup Inc.	CAD	3.39	11-18-21	1,222,00	1,238,823	1,283,357	
The Export-Import Bank of Korea	CAD	2.71	12-05-19	241,000	241,000	249,934	
Ford Credit Canada Limited	CAD	2.45	05-07-20	1,350,00	1,340,618	1,356,615	
Ford Credit Canada Limited	CAD	2.92	09-16-20	1,564,00	1,557,744	1,597,798	
Ford Credit Canada Limited	CAD	3.28	07-02-21	350,000	356,360	362,261	
Ford Credit Canada Limited	CAD	2.58	05-10-21	291,000	289,586	292,129	
General Motors Financial of Canada, Ltd.	CAD	3.08	05-22-20	2,646,00	2,636,025	2,668,597	
The Manufacturers Life Insurance Company	CAD	4.21	11-18-21	2,158,00	2,185,190	2,177,141	
Manulife Bank of Canada	CAD	1.51	06-01-18	2,500,00	2,500,000	2,503,175	
Molson Coors International LP	CAD	2.84	07-15-23	1,617,00	1,616,693	1,616,693	
Morgan Stanley	CAD	3.13	08-05-21	2,069,00	2,114,185	2,151,698	
National Bank of Canada	CAD	1.40	06-14-18	2,500,00	2,500,000	2,503,650	
Northgroup Preferred Capital Corporation	USD	6.38	01-29-49	911,000	1,154,554	1,188,082	
Penske Truck Leasing Canada Inc.	CAD	3.65	02-01-18	1,000,00	1,038,100	1,022,770	
Petro-Canada	USD	6.05	05-15-18	897,000	1,317,915	1,255,531	
Royal Bank of Canada	CAD	3.66	01-25-17	700,000	717,486	710,339	

EXEMPLAR INVESTMENT GRADE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Fixed Income Positions - Long		82.4%				
Security Name	Currency	Coupon Rate %	Maturity Date	Par Value	Average Cost \$	Fair Value \$
Shaw Communications Inc.	CAD	5.65	10-01-19	1,740,000	1,924,805	1,928,599
Suncor Energy Inc.	USD	6.10	06-01-18	870,000	1,280,084	1,224,413
Thomson Reuters Corporation	CAD	3.31	11-12-21	942,000	958,111	988,290
TransCanada PipeLines Limited	CAD	9.45	03-20-18	1,467,000	1,799,598	1,652,106
TransCanada PipeLines Limited	USD	6.35	05-15-67	1,581,000	1,545,926	1,460,272
TransCanada PipeLines Limited	USD	3.13	01-15-19	713,000	1,007,528	958,298
Videotron Ltd.	CAD	6.88	07-15-21	2,446,000	2,609,177	2,531,610
Videotron Ltd.	CAD	5.63	06-15-25	724,000	744,815	743,005
					<u>42,218,449</u>	<u>42,043,651</u>

Option Positions - Long		0.2%				
Security Name	Currency	Strike Price \$	Expiry Date	Contracts	Average Cost \$	Fair Value \$
BMO S&P/TSX EQUAL WEIGHT BANKS PUT	CAD	18.00	01-20-17	1,613	148,396	44,358
S&P 500 EMINI INDEX FUTURE PUT	CAD	1,900.00	09-16-16	706	303,227	66,717
S & P 500 EMINI IND FUT (CME)	USD	1,600.00	09-17-16	30	129,710	5,659
					<u>581,333</u>	<u>116,734</u>

Futures Contracts - Long		(0.2%)				Unrealized
Security Name	Currency	Contracts	Contract Size	Expiry Date	Notional Value	Gain / (Loss) \$
Canadian Currency		(0.3%)				
C\$ CURRENCY FUTURE (CME)	USD	94	1,000	09-20-16	7,249,280	(152,244)
International Money Market		0.1%				
90DAY EURODOLLAR FUTURE (CME)	USD	85	2,500.00	09-19-16	21,112,930	26,262
90DAY EURODOLLAR FUTURE (CME)	USD	79	2,500.00	12-19-16	19,616,680	47,532
					<u>73,794</u>	<u>(78,450)</u>

Futures Contracts - Short		(0.4%)				Unrealized
Security Name	Currency	Contracts	Contract Size	Expiry Date	Notional Value	Gain / (Loss) \$
Canadian Bond		(0.2%)				
CAN 5YR BOND FUTURE (MSE)	CAD	(104)	1,000	09-21-16	(13,160,160)	(102,930)
CANADA 10YR BOND FUTURE (MSE)	CAD	(9)	1,000	09-21-16	(1,332,360)	(2,340)
					<u>(105,270)</u>	
International Money Market		(0.2%)				
90DAY EURODOLLAR FUTURE (CME)	USD	(164)	2,500	12-18-17	(40,661,750)	(99,877)
US Bond		(0.0%)				
US 2YR TREAS NTS FUTURE (CBT)	USD	(12)	2,000	09-30-16	(2,631,938)	(22,197)
					<u>(227,344)</u>	

EXEMPLAR INVESTMENT GRADE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Swap Positions		(1.3%)			
Security Name	Currency		Notional Value	Average Cost / (Proceeds)	Unrealized Gain / (Loss)
				\$	\$
CDS BP CANADIAN NATURAL RESOURCES LIMITED	USD	Credit Default Swap	1,000,000	102,230	71,445
CDS ENBCN 100 06/21 US	USD	Credit Default Swap	1,500,000	(163,442)	(152,556)
CDS SP ENBRIDGE INC	USD	Credit Default Swap	802,000	(58,252)	(63,759)
CDS SP ENBRIDGE INC	USD	Credit Default Swap	1,178,000	(168,689)	(102,543)
CDS SP ENBRIDGE INC	USD	Credit Default Swap	4,094,000	(862,002)	(356,377)
IRS R CDOR03 P 1.657	CAD	Interest Rate Swap	2,000,000	-	(26,467)
IRS R CDOR03 P1.5925	CAD	Interest Rate Swap	5,596,000	-	(56,024)
				<u>(1,150,155)</u>	<u>(686,281)</u>

Forward Currency Contracts		(0.0%)						
Currency Purchased	Notional Value	Currency Sold	Notional Value	Contract Rate	Maturity Date	Counterparty	Credit Rating	Fair Value
								\$
USD	46,000	CAD	(60,174)	0.76444	07-06-16	BNY Mellon	A1	(333)

Investment Portfolio Summary	%	Average Cost / (Proceeds)	Fair Value
		\$	\$
Equity Positions - Long	6.4	3,372,468	3,261,812
Funds - Long	3.0	1,580,149	1,527,990
Fixed Income Positions - Long	82.3	42,218,449	42,043,651
Option Positions - Long	0.2	581,333	116,734
Futures Contracts - Long	(0.2)	-	(78,450)
Futures Contracts - Short	(0.4)	-	(227,344)
Swap Positions	(1.3)	(1,150,155)	(686,281)
Forward Currency Contracts	(0.0)	-	(333)
Total Investments	<u>90.0</u>	<u>46,602,244</u>	<u>45,957,779</u>
Total Other Net Assets	<u>10.0</u>	<u>-</u>	<u>5,096,996</u>
Total Net Assets	<u>100.0</u>	<u>46,602,244</u>	<u>51,054,775</u>

EXEMPLAR INVESTMENT GRADE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

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

RISK MANAGEMENT

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

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

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

A general discussion of financial risk management for the Exemplar Funds appears as Note 4: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2016 and December 31, 2015.

Credit Rating*	Percentage of total long debt securities	
	As at June 30, 2016	As at December 31, 2015
	%	%
AA	14.2	6.7
A	29.0	7.1
BBB	38.8	59.9
Below BBB	14.1	15.4
Not Rated	3.8	11.0
Total	100.0	100.0

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

The Fund is exposed to counterparty credit risk on swaps and futures contracts. The counterparties to the Fund's swaps are Bank of America and JP Morgan Chase & Co. which have credit ratings as rated by Moody's bond rating services of Baa1 and A3, respectively (December 31, 2015: Baa1 and A3, respectively). Futures contracts are exchange traded. Cash collateral has been provided to JP Morgan Chase & Co. in accordance with terms of derivative transaction agreements.

The Fund is exposed to counterparty credit risk on cash, margin deposits and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2015: Aa3).

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa1 (December 31, 2015: Aa1).

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

EXEMPLAR INVESTMENT GRADE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Liquidity Risk

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

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2016, the minimum margin borrowings used was \$424,551 and the maximum margin borrowings used was \$2,072,162. (2015: min: \$405,217, max: \$743,184).

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

The table below indicates the Fund's exposure to USD as at June 30, 2016 and December 31, 2015 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Non-monetary items include non-financial options. Monetary items include futures, bonds, cash, swaps, financial options and other current receivables and payables.

June 30, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	10,323,602	437,467	10,761,069	1,032,360	43,747	1,076,107
United States Dollar - Short	(1,217,129)	-	(1,217,129)	(121,713)	-	(121,713)
Total	9,106,473	437,467	9,543,940	910,647	43,747	954,394
% of net assets attributable to holders of redeemable units	17.8%	0.9%	18.7%	1.8%	0.1%	1.9%

December 31, 2015	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	5,713,896	631,178	6,345,074	571,390	63,118	634,508
United States Dollar - Short	(34,237)	-	(34,237)	(3,424)	-	(3,424)
Total	5,679,659	631,178	6,310,837	567,966	63,118	631,084
% of net assets attributable to holders of redeemable units	10.1%	1.1%	11.2%	1.0%	0.1%	1.1%

(b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2016 and December 31, 2015. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

EXEMPLAR INVESTMENT GRADE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Term to Maturity	Total Exposure	
	June 30, 2016	December 31, 2015
Less than 1 year	\$ 710,339	\$ 3,247,892
1-3 years	18,085,380	8,076,642
3-5 years	9,284,968	12,581,492
Greater than 5 years	13,962,964	26,557,781
Total	\$ 42,043,651	\$ 50,463,807
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ 1,652,654	+/- \$ 2,697,671
Total % sensitivity to net assets attributable to holders of redeemable units	3.2%	4.8%

(c) Price Risk

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

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

As at June 30, 2016, if the Fund's relevant benchmark index, FTSE TMX Canada Universe Bond Index, had increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by \$51,055 (December 31, 2015: \$84,206).

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk as of June 30, 2016 and December 31, 2015:

Market Segment	% of net assets attributable to holders of redeemable units	
	June 30, 2016	December 31, 2015
	%	%
Consumer Discretionary	24.2	8.7
Consumer Staples	-	4.0
Energy	17.2	15.9
Financials	42.1	52.7
Industrials	2.0	-
Telecommunication Services	6.4	14.2
Total	91.9	95.5

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015:

EXEMPLAR INVESTMENT GRADE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

June 30, 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	3,261,812	-	-	3,261,812
Fixed income	-	42,043,651	-	42,043,651
Funds	1,527,990	-	-	1,527,990
Derivatives	190,528	71,445	-	261,973
Total	4,980,330	42,115,096	-	47,095,426
Financial liabilities				
Derivatives	(379,588)	(758,059)	-	(1,137,647)
Total	(379,588)	(758,059)	-	(1,137,647)

December 31, 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	2,875,905	-	-	2,875,905
Fixed income	-	50,463,807	-	50,463,807
Derivatives	271,477	2,070	-	273,547
Total	3,147,382	50,465,877	-	53,613,259
Financial liabilities				
Derivatives	(518,921)	(775,410)	-	(1,294,331)
Total	(518,921)	(775,410)	-	(1,294,331)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the finance department. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

As at June 30, 2016 and 2015, the Fund did not hold any Level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ending June 30, 2016 and 2015.

a) Bonds

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

b) Derivatives

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

EXEMPLAR INVESTMENT GRADE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

credit default swaps are valued based upon quotations from independent security pricing sources. The inputs that are significant to valuation are generally observable and therefore both interest rate swaps and credit default swaps have been classified as Level 2.

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2016 and 2015.

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

June 30, 2015	Net realized gains / (losses) \$	Net change in unrealized gains / (losses) \$	Interest income \$	Interest expense \$	Dividend income \$	Dividend expense \$	Total \$
Financial asset at FVTPL:							
Designated as FVTPL	122,191	90,173	768,744	-	-	-	981,108
HFT	514,153	(564,059)	-	-	-	-	(49,906)
	636,344	(473,886)	768,744	-	-	-	931,202
Financial liabilities at FVTPL:							
HFT	(211,110)	(54,714)	-	-	-	-	(265,824)
	(211,110)	(54,714)	-	-	-	-	(265,824)
Total	425,234	(528,600)	768,744	-	-	-	665,378

EXEMPLAR LEADERS FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Financial assets designated at fair value through profit and loss	\$33,108,444	\$35,056,792
Financial assets held for trading		
Warrants	203,543	201,876
Cash	1,554,545	1,708,963
Margin deposits	1,589,064	1,588,442
Accrued dividends receivable	81,561	91,986
Receivable for securities sold	63,194	113,995
Receivable for redeemable units issued	1,501	996
	36,601,852	38,763,050
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Investments sold short	1,133,187	974,809
Payable for securities purchased	-	289,178
Accrued dividends payable	-	3,289
Payable for redeemable units redeemed	8,699	101,243
Other liabilities (Note 9)	67,902	35,469
	1,209,788	1,403,988
Net assets attributable to holders of redeemable units	\$35,392,064	\$37,359,062
Net assets attributable to holders of redeemable units		
Series A	\$26,459,148	\$28,508,038
Series F	\$8,932,916	\$8,851,024
Number of redeemable units outstanding (Note 7)		
Series A	683,437	738,188
Series F	223,701	223,338
Net assets attributable to holders of redeemable units per unit		
Series A	\$38.71	\$38.62
Series F	\$39.93	\$39.63

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

"James L. McGovern"

James L. McGovern, Director

"Robert W. Maxwell"

Robert W. Maxwell, Director

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

EXEMPLAR LEADERS FUND

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

	2016 \$	2015 \$
INCOME		
Net gains on investments and derivatives		
Dividend income	527,048	352,584
Dividend expense on short sales	(4,825)	(3,043)
Net realized gain (loss) on investments and derivatives	1,088,028	2,273,472
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	(1,024,238)	(16,285)
Net gains on investments and derivatives	586,013	2,606,728
Other income items:		
Interest on cash	1,812	4,368
Foreign exchange gain (loss)	11,083	205,708
Net change in unrealized foreign exchange gain (loss)	(116,558)	128,501
Total income (net)	482,350	2,945,305
EXPENSES		
Securityholder reporting fees	80,722	105,203
Management fees (Note 9)	271,800	302,013
Interest expense	41	617
Audit fees	9,738	9,000
Legal fees	4,879	7,877
Independent Review Committee fees	2,300	2,404
Custodial fees	7,442	3,009
Security borrowing expenses	21,692	4,761
Commissions and other portfolio transaction costs (Note 9)	12,548	14,314
Withholding tax expense	19,985	15,828
Harmonized sales tax	31,376	39,990
Total expenses	462,523	505,016
Increase (decrease) in net assets attributable to holders of redeemable units	19,827	2,440,289
Increase (decrease) in net assets attributable to holders of redeemable units (Note 11)		
Series A	(52,244)	1,857,367
Series F	72,071	582,922
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 11)		
Series A	(0.07)	2.66
Series F	0.32	2.91

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

EXEMPLAR LEADERS FUND

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

		2016 \$	2015 \$
Net assets attributable to holders of redeemable units at beginning of period			
	Series A	28,508,038	28,010,297
	Series F	8,851,024	8,144,279
		<u>37,359,062</u>	<u>36,154,576</u>
Increase (decrease) in net assets attributable to holders of redeemable units			
	Series A	(52,244)	1,857,367
	Series F	72,071	582,922
		<u>19,827</u>	<u>2,440,289</u>
Redeemable unit transactions			
Proceeds from redeemable units issued	Series A	490,319	1,475,412
	Series F	315,906	717,837
Redemption of redeemable units	Series A	(2,486,965)	(1,355,141)
	Series F	(306,085)	(205,057)
		<u>(1,986,825)</u>	<u>633,051</u>
Net increase (decrease) from redeemable unit transactions			
		<u>(1,966,998)</u>	<u>3,073,340</u>
Net increase (decrease) in net assets attributable to holders of redeemable units			
	Series A	26,459,148	29,987,935
	Series F	8,932,916	9,239,981
Net assets attributable to holders of redeemable units at end of period		<u>35,392,064</u>	<u>39,227,916</u>

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

EXEMPLAR LEADERS FUND

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

	2016 \$	2015 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	19,827	2,440,289
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	18,208	(159,951)
Net realized (gain) loss on investments and derivatives	(1,088,028)	(2,273,472)
Net change in unrealized (appreciation) depreciation in value of investments and	1,024,238	16,285
Purchase of investments	(8,932,447)	(10,094,456)
Proceeds on sale of investments	10,862,919	9,941,861
Decrease (increase) in accrued dividends receivable	10,425	(2,866)
Increase (decrease) in accrued dividends payable	(3,289)	173
Increase (decrease) in other liabilities	32,433	(821)
Decrease (increase) in margin deposits	(622)	(582,348)
Net cash from (used in) operating activities	1,943,664	(715,306)
Cash flows from (used in) financing activities		
Proceeds from redeemable units issued	805,720	2,186,795
Redemption of redeemable units	(2,885,594)	(1,581,952)
Net cash from (used in) financing activities	(2,079,874)	604,843
Net Increase (decrease) in cash	(136,210)	(110,463)
Cash at beginning of the period	1,708,963	5,956,804
Net change in unrealized foreign exchange gain (loss) on cash	(18,208)	159,951
Cash at end of the period	1,554,545	6,006,292
Interest received*	1,812	4,368
Dividends received, net of withholding tax*	517,488	333,890
Interest paid*	(41)	(617)
Dividends paid*	(8,114)	(2,870)

*Included as part of cash flows from operating activities

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

EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		90.4%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Consumer Discretionary		8.9%			
CanWel Building Materials Group Ltd.	CAD		22,700	93,070	124,261
Diversified Royalty Corp.	CAD		97,300	261,851	212,114
Enercare Inc.	CAD		28,700	438,163	490,770
GNC Holdings, Inc.	USD		1,600	52,424	50,558
Magna International Inc.	CAD		28,000	694,244	1,269,800
Martinrea International Inc.	CAD		53,900	466,442	431,200
Sleep Country Canada Holdings Inc.	CAD		21,100	356,409	502,602
Tesla Motors, Inc.	USD		300	99,073	82,846
				2,461,676	3,164,151
Consumer Staples		1.4%			
Neptune Technologies & Bioresources Inc.	CAD		364,300	835,208	491,805
Energy		5.9%			
AltaGas Ltd.	CAD		3,900	117,377	122,460
Blackbird Energy Inc.	CAD		87,000	13,050	13,485
Freehold Royalties Ltd.	CAD		88,600	1,222,132	1,055,226
Pembina Pipeline Corporation	CAD		9,900	300,377	388,674
Toro Oil & Gas Ltd.	CAD		98,000	22,540	21,560
TransCanada Corporation	CAD		2,000	94,766	116,640
TransGlobe Energy Corporation	CAD		94,200	284,238	224,196
ZCL Composites Inc.	CAD		15,100	51,890	135,447
				2,106,370	2,077,688
Financials		19.2%			
Alaris Royalty Corp.	CAD		84,200	1,647,977	2,414,014
American Hotel Income Properties REIT LP	CAD		37,400	373,681	394,196
Element Financial Corporation	CAD		101,300	1,287,019	1,387,810
Inovalis Real Estate Investment Trust	CAD		84,700	732,227	841,918
Legg Mason, Inc.	USD		18,800	733,892	721,234
National Storage Affiliates Trust	USD		2,900	78,635	78,546
NorthWest Healthcare Properties REIT	CAD		9,200	73,876	92,276
Pure Multi-Family REIT LP	CAD		39,500	256,090	297,830
Slate Retail REIT	CAD		7,311	92,051	99,941
Tricon Capital Group Inc.	CAD		33,100	240,682	287,970
The Westaim Corporation	CAD		70,000	192,010	181,300
				5,708,140	6,797,035
Health Care		15.9%			
Acasti Pharma Inc.	CAD		67,500	602,657	126,563
Anthem, Inc.	USD		9,600	1,071,718	1,640,257
Cigna Corporation	USD		3,600	659,717	599,408
Fresenius Medical Care AG & Co. KGaA	USD		700	36,327	39,676
Gilead Sciences, Inc.	USD		19,300	1,693,752	2,094,456
Humana Inc.	USD		2,000	452,730	468,012
Immunovaccine Inc.	CAD		118,000	64,900	61,457

EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		90.4%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Nobilis Health Corp.	CAD		64,600	219,389	184,110
Otonomy Inc	USD		12,900	197,957	266,492
Sienna Senior Living Inc.	CAD		9,200	145,820	157,228
				5,144,967	5,637,659
Industrials		11.1%			
CanWel Building Materials Group Ltd.	CAD		25,800	129,000	142,416
DirectCash Payments Inc.	CAD		74,700	1,188,982	978,570
DIRTT Environmental Solutions Ltd.	CAD		36,900	212,931	198,522
Electrovaya Inc.	CAD		64,200	46,462	224,058
FLYHT Aerospace Solutions Ltd.	CAD		436,000	65,400	82,840
Hexcel Corporation	USD		16,700	918,690	904,630
United Parcel Service, Inc.	USD		8,100	1,010,972	1,135,076
WestJet Airlines Ltd.	CAD		13,100	245,271	276,148
				3,817,708	3,942,260
Information Technology		18.0%			
Alphabet Inc.	USD		200	197,934	183,044
BSM Technologies Inc.	CAD		624,000	416,528	698,880
Cisco Systems, Inc.	USD		12,200	443,112	455,338
The Descartes Systems Group Inc.	CAD		10,000	148,618	247,100
eBay Inc.	USD		1,300	37,896	39,590
Espial Group Inc.	CAD		204,500	185,440	431,495
Halogen Software Inc.	CAD		4,100	34,033	34,850
Immersion Corporation	USD		24,900	277,248	237,760
Kinaxis Inc.	CAD		5,300	75,289	274,964
Microsoft Corporation	USD		23,100	920,324	1,537,698
Opsens Inc.	CAD		313,900	239,139	467,711
Sandvine Corporation	CAD		29,900	93,924	79,534
Sierra Wireless, Inc.	CAD		15,300	381,369	334,917
TIO Networks Corp.	CAD		1,800	3,310	4,068
VersaPay Corporation	CAD		138,300	152,760	145,215
Wi-LAN Inc.	CAD		368,100	936,457	1,207,368
				4,543,381	6,379,532
Materials		1.3%			
Centerra Gold Inc.	CAD		7,300	45,292	56,210
Headwaters Incorporated	USD		8,300	167,841	193,707
Lithium Americas Corp.	CAD		41,100	31,740	44,799
Osisko Gold Royalties Ltd	CAD		5,600	80,110	94,584
Primero Mining Corp.	CAD		26,000	61,100	69,940
Trevali Mining Corporation	CAD		26,800	13,786	15,008
				399,869	474,248
Telecommunication Services		4.4%			
BCE Inc.	CAD		14,000	497,928	855,960
Verizon Communications Inc.	USD		9,600	532,591	697,365
				1,030,519	1,553,325

EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		90.4%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	

Utilities		4.1%			
Crius Energy Trust	CAD	46,000	388,700	385,480	
National Fuel Gas Company	USD	5,700	368,389	421,772	
Polaris Infrastructure Inc.	CAD	72,000	559,356	583,200	
TransAlta Renewables Inc.	CAD	4,500	43,875	60,120	
			1,360,320	1,450,572	
			27,408,158	31,968,275	

Equity Positions - Short		(2.0%)			
Security Name		Quantity	Proceeds	Fair Value	
			\$	\$	

Consumer Discretionary		(2.0%)			
Tesla Motors, Inc.	USD	(2,500)	(676,472)	(690,387)	

Funds - Long		3.2%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
Boyd Group Income Fund	CAD	10,300	227,522	764,878	
Noranda Income Fund	CAD	144,900	532,420	375,291	
			759,942	1,140,169	

Funds - Short		(1.3%)			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
iShares S&P/TSX Capped Energy	CAD	(36,900)	(403,582)	(442,800)	

Warrant Positions - Long		0.6%				
Security Name	Currency	Strike Price	Maturity Date	Quantity	Average Cost	Fair Value
					\$	\$
Acasti Pharma Inc.	CAD	1.5	12-03-18	205,000	-	-
Blackbird Energy Inc.	CAD	0.3	05-19-21	65,200	-	3,912
Cyanpsus Therapeutics Inc.	CAD	0.81	04-15-19	18,125	73,950	170,580
Eguana Technologies Inc.	CAD	0.39	12-22-19	84,000	-	8,240
Flyht Aerospace Solutions Ltd.	CAD	0.25	05-12-18	218,000	-	4,972
IBC Advanced Alloys Corp.	CAD	0.18	06-10-17	200,000	-	-
Imperus Technologies Corp.	CAD	0.55	01-28-18	72,000	-	-
Opsens Inc.	CAD	1.2	06-22-17	36,400	-	13,389
Telesta Therapeutics Inc.	CAD	0.3	09-23-19	100,000	12,000	-
Toro Oil & Gas Ltd.	CAD	0.4	06-29-19	49,000	-	2,450
					85,950	203,543

EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Investment Portfolio Summary		Average Cost / (Proceeds)	Fair Value
	%	\$	\$
Equity Positions - Long	90.4	27,408,158	31,968,275
Equity Positions - Short	(2.0)	(676,472)	(690,387)
Funds - Long	3.2	759,942	1,140,169
Funds - Short	(1.3)	(403,582)	(442,800)
Warrant Positions - Long	0.6	85,950	203,543
Total Investments	90.9	27,173,996	32,178,800
Total Other Net Assets	9.1	-	3,213,264
Total Net Assets	100.0	27,173,996	35,392,064

EXEMPLAR LEADERS FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

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

RISK MANAGEMENT

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

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

A general discussion of financial risk management for the Exemplar Funds appears as Note 4: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

As at June 30, 2016 and December 31, 2015 the Fund had no investments in debt instruments and therefore was not subject to related credit risk.

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's brokerage services are provided by BMO Nesbitt Burns which has a credit rating of Aa3 (December 31, 2015: Aa3) as rated by Moody's bond rating services.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2015: Aa3).

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa1 (December 31, 2015: Aa1).

Liquidity Risk

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

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

The tables below indicate the Fund's exposure to USD as at June 30, 2016 and December 31, 2015, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Non-monetary items include equities and

EXEMPLAR LEADERS FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

warrants. Monetary items include cash and other current receivables and payables.

June 30, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	1,802,881	11,855,233	13,658,114	180,288	1,185,523	1,365,811
United States Dollar - Short	-	(690,387)	(690,387)	-	(69,039)	(69,039)
Total	1,802,881	11,164,846	12,967,727	180,288	1,116,484	1,296,772
% of net assets attributable to holders of redeemable units	5.1%	31.5%	36.6%	0.5%	3.2%	3.7%

December 31, 2015	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	1,747,619	13,793,807	15,541,426	174,762	1,379,381	1,554,143
United States Dollar - Short	(224,462)	(398,609)	(623,071)	(22,446)	(39,861)	(62,307)
Total	1,523,157	13,395,198	14,918,355	152,316	1,339,520	1,491,836
% of net assets attributable to holders of redeemable units	4.1%	35.9%	39.9%	0.4%	3.6%	4.0%

(b) Interest Rate Risk

As at June 30, 2016 and December 31, 2015 the Fund did not hold any interest-bearing securities, and therefore was not subject to significant interest rate risk.

(c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

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

The impact on net assets of the Fund due to a 5% change in market prices of equity securities with all other variables held constant, is presented in the following table.

	Impact on net assets attributable to holders of redeemable units	
	June 30, 2016	December 31, 2015
	\$	\$
5% Increase	1,608,940	1,714,193
5% Decrease	(1,608,940)	(1,714,193)

The Fund has the ability to take short positions, in total not exceeding 20% of the Net Asset Value of the Fund. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold short at prices which may be significantly higher than the fair value reflected on the financial statements.

EXEMPLAR LEADERS FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk:

Market Segment	% of net assets attributable to holders of redeemable units			
	June 30, 2016		December 31, 2015	
	Long %	Short %	Long %	Short %
Consumer Discretionary	8.9	(2.0)	10.2	(1.0)
Consumer Staples	1.4	-	3.2	-
Energy	5.9	(1.3)	4.5	(0.7)
Financials	19.2	-	17.7	(0.9)
Health Care	16.4	-	14.7	-
Industrials	13.3	-	15.7	-
Information Technology	18.1	-	18.8	-
Materials	2.4	-	1.5	-
Telecommunication Services	4.4	-	5.4	-
Utilities	4.2	-	2.7	-
Total	94.2	(3.3)	94.4	(2.6)

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015:

June 30, 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	31,968,275	-	-	31,968,275
Funds	375,291	764,878	-	1,140,169
Warrants	-	203,543	-	203,543
Total	32,343,566	968,421	-	33,311,987
Financial liabilities				
Equities sold short	(690,387)	-	-	(690,387)
Funds	(442,800)	-	-	(442,800)
Total	(1,133,187)	-	-	(1,133,187)

EXEMPLAR LEADERS FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

December 31, 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	35,056,792	-	-	35,056,792
Warrants	-	201,876	-	201,876
Total	35,056,792	201,876	-	35,258,668
Financial liabilities				
Equities sold short	(974,809)	-	-	(974,809)
Warrants	-	-	-	-
Total	(974,809)	-	-	(974,809)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the finance department. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements.

The following table presents the movement in Level 3 instruments for the periods ended June 30, 2016 and 2015 by class of financial instrument:

	Equities	
	June 30, 2016 \$	June 30, 2015 \$
Opening balance, beginning of period	-	1,340
Net purchases and sales	-	-
Net transfers in (out)	-	(1,340)
Realized gain (loss)	-	-
Unrealized gain (loss)	-	-
Closing balance, end of period	0	0

During the period ended June 30, 2016, the Fund transferred equity securities with a fair value of \$Nil from Level 2 to Level 1 due to resale restrictions being lifted (2015: \$26,307).

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

Warrants are valued using models and valuation techniques commonly used in the industry, including inputs such as underlying stock price, restrictions on exercise and days to expiry. When the inputs that are significant to valuation are generally observable, the warrant is classified as Level 2. Warrants that have significant unobservable inputs are classified as Level 3.

As at December 31, 2014, the Fund held 13,395 Class A shares of NeuroBiopharm Inc. ("Neuro") and 26,790 NeuroBiopharm Inc. warrants which it received by a way of a dividend-in-kind from the parent company of Neuro, Neptune Technologies & Bioresources Inc. ("Neptune"). On January 13, 2015, Neptune announced that it will acquire all outstanding shares of Neuro in exchange for shares of Neptune. As such, on February 26, 2015 the Fund received 620 shares of Neptune with a value of \$1,426. Neptune is a publically traded company and the securities have been classified as Level 1.

EXEMPLAR LEADERS FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2016 and 2015.

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

June 30, 2015	Net realized gains / (losses) \$	Net change in unrealized gains / (losses) \$	Interest income \$	Interest expense \$	Dividend income \$	Dividend expense \$	Total \$
Financial assets at FVTPL:							
Designated as FVTPL	2,193,320	379,129	-	-	352,584	-	2,925,033
HFT	-	(17,483)	-	-	-	-	(17,483)
	2,193,320	361,646	-	-	352,584	-	2,907,550
Financial liabilities at							
HFT	80,152	(377,931)	-	-	-	(3,043)	(300,822)
Total	2,273,472	(16,285)	-	-	352,584	(3,043)	2,606,728

EXEMPLAR PERFORMANCE FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Financial assets designated at fair value through profit and loss	\$20,116,548	\$13,287,562
Unrealized gain on forward currency contracts	9,608	-
Cash	13,757,923	13,543,597
Margin deposits	1,804,188	763,627
Accrued dividends receivable	33,770	18,823
Accrued interest receivable	7	7
Receivable for securities sold	55,583	44,680
Receivable for redeemable units issued	231,831	89,903
	36,009,458	27,748,199
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Investments sold short	1,202,398	548,171
Payable for securities purchased	424,019	176,268
Payable for redeemable units redeemed	26,434	36,855
Accrued dividends payable	7,100	962
Other liabilities (Note 9)	63,444	22,691
	1,723,395	784,947
Net assets attributable to holders of redeemable units	\$34,286,063	\$26,963,252
Net assets attributable to holders of redeemable units		
Series A	\$11,405,464	\$7,664,351
Series AD	\$247,006	\$225,063
Series F	\$15,362,327	\$10,828,387
Series FD	\$347,770	\$335,525
Series I	\$2,266,951	\$4,875,100
Series L	\$4,568,249	\$2,934,980
Series LD	\$88,296	\$99,846

Continued on next page

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

EXEMPLAR PERFORMANCE FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
<i>Continued from previous page.</i>		
Number of redeemable units outstanding (Note 7)		
Series A	993,279	657,788
Series AD	25,918	23,041
Series F	1,316,717	919,575
Series FD	35,399	33,506
Series I	221,197	474,210
Series L	431,553	272,741
Series LD	9,088	10,010
Net assets attributable to holders of redeemable units per unit		
Series A	\$11.48	\$11.65
Series AD	\$9.53	\$9.77
Series F	\$11.67	\$11.78
Series FD	\$9.82	\$10.01
Series I	\$10.25	\$10.28
Series L	\$10.59	\$10.76
Series LD	\$9.72	\$9.97

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

"James L. McGovern"

"Robert W. Maxwell"

James L. McGovern, Director

Robert W. Maxwell, Director

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

EXEMPLAR PERFORMANCE FUND

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

	2016 \$	2015 \$
INCOME		
Net gains (losses) on investments and derivatives		
Dividend income	152,678	50,355
Dividend expense on short sales	(9,668)	(3,827)
Net realized gain (loss) on investments and derivatives	(146,484)	18,428
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	336,102	855,260
Net gains (losses) on investments and derivatives	332,628	920,216
Other income items:		
Interest on cash	35,878	5,087
Foreign exchange gain (loss)	(204,250)	865
Net change in unrealized foreign exchange gain (loss)	(34,908)	1,145
Total income (net)	129,348	927,313
EXPENSES		
Securityholder reporting fees	84,052	64,982
Management fees (Note 9)	212,305	66,264
Performance fees (Note 9)	-	182,397
Interest expense	182	27
Audit fees	7,822	9,833
Legal fees	4,226	9,377
Independent Review Committee fees	2,300	2,367
Custodial fees	9,698	4,386
Security borrowing expenses	2,780	2,499
Commissions and other portfolio transaction costs (Note 9)	10,282	3,273
Withholding tax expense	1,931	1,369
Harmonized sales tax	35,597	35,215
Total expenses before manager absorption	371,175	381,989
Less: expenses absorbed by manager (Note 9)	(18,618)	(60,810)
Total expenses after manager absorption	352,557	321,179
Increase (decrease) in net assets attributable to holders of redeemable units	(223,209)	606,134
Increase (decrease) in net assets attributable to holders of redeemable units (Note 11)		
Series A	(67,930)	181,992
Series AD	(5,633)	48
Series F	(52,268)	408,156
Series FD	(2,697)	687
Series I	(63,149)	7,117
Series L	(29,790)	8,034
Series LD	(1,742)	100
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 11)		
Series A	(0.08)	0.65
Series AD	(0.20)	0.01
Series F	(0.05)	0.75
Series FD	(0.08)	0.16
Series I	(0.19)	0.10
Series L	(0.08)	0.33
Series LD	(0.17)	0.06

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

EXEMPLAR PERFORMANCE FUND

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

		2016 \$	2015 \$
Net assets attributable to holders of redeemable units at beginning of period			
	Series A	7,664,351	2,357,412
	Series AD	225,063	-
	Series F	10,828,387	4,960,263
	Series FD	335,525	-
	Series I	4,875,100	-
	Series L	2,934,980	204,115
	Series LD	99,846	-
		<u>26,963,252</u>	<u>7,521,790</u>
Increase (decrease) in net assets attributable to holders of redeemable units			
	Series A	(67,930)	181,992
	Series AD	(5,633)	48
	Series F	(52,268)	408,156
	Series FD	(2,697)	687
	Series I	(63,149)	7,117
	Series L	(29,790)	8,034
	Series LD	(1,742)	100
		<u>(223,209)</u>	<u>606,134</u>
Distributions to holders of redeemable units			
From net investment income			
	Series A	-	-
	Series AD	(2,616)	(103)
	Series F	-	-
	Series FD	(3,515)	(221)
	Series I	-	-
	Series L	-	-
	Series LD	(1,004)	(254)
		<u>(7,135)</u>	<u>(578)</u>
Total distributions to holders of redeemable units		<u>(7,135)</u>	<u>(578)</u>
Redeemable unit transactions			
Proceeds from redeemable units issued			
	Series A	4,533,160	2,462,189
	Series AD	49,420	57,000
	Series F	5,503,979	2,595,839
	Series FD	51,300	69,332
	Series I	250,000	1,353,519
	Series L	1,663,204	439,059
	Series LD	-	51,722
Reinvestments of distributions to holders of redeemable units			
	Series A	-	-
	Series AD	2,251	103
	Series F	-	-
	Series FD	1,220	221
	Series I	-	-
	Series L	-	-
	Series LD	1,004	254

Continued on next page.

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

EXEMPLAR PERFORMANCE FUND

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

		2016 \$	2015 \$
<i>Continued from previous page.</i>			
Redemption of redeemable units	Series A	(724,117)	(632,129)
	Series AD	(21,479)	-
	Series F	(917,771)	(338,811)
	Series FD	(34,063)	-
	Series I	(2,795,000)	-
	Series L	(145)	(146)
	Series LD	(9,808)	-
Net increase (decrease) from redeemable unit transactions		7,553,155	6,058,152
Net increase (decrease) in net assets attributable to holders of redeemable units		7,322,811	6,663,708
	Series A	11,405,464	4,369,464
	Series AD	247,006	57,048
	Series F	15,362,327	7,625,447
	Series FD	347,770	70,019
	Series I	2,266,951	1,360,636
	Series L	4,568,249	651,062
	Series LD	88,296	51,822
Net assets attributable to holders of redeemable units at end of period		34,286,063	14,185,498

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

EXEMPLAR PERFORMANCE FUND

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

	2016 \$	2015 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(223,209)	606,134
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(3,200)	(824)
Net realized (gain) loss on investments and derivatives	146,484	(18,428)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(336,102)	(855,260)
Purchase of investments	(14,232,051)	(6,531,972)
Proceeds on sale of investments	8,474,150	3,249,668
Decrease (increase) in accrued dividends receivable	(14,947)	(2,793)
Decrease (increase) in accrued interest receivable	-	(227)
Increase (decrease) in accrued dividends payable	6,138	(269)
Increase (decrease) in other liabilities	40,753	217,204
Decrease (increase) in margin deposits	(1,040,561)	(126,348)
Net cash from (used in) operating activities	(7,182,545)	(3,463,115)
Cash flows from (used in) financing activities		
Proceeds from redeemable units issued	11,909,135	6,837,833
Redemption of redeemable units	(4,512,804)	(971,086)
Distributions paid to holders of redeemable units, net of reinvested distributions	(2,660)	-
Net cash from (used in) financing activities	7,393,671	5,866,747
Net Increase (decrease) in cash	211,126	2,403,632
Cash at beginning of the period	13,543,597	2,273,461
Net change in unrealized foreign exchange gain (loss) on cash	3,200	824
Cash at end of the period	13,757,923	4,677,917
Interest received*	35,878	4,860
Dividends received, net of withholding tax*	135,800	46,193
Interest paid*	(182)	(27)
Dividends paid*	(3,530)	(4,096)
*Included as part of cash flows from operating activities		

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

EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		53.8%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Consumer Discretionary		10.4%			
A&W Revenue Royalties Income Fund	CAD		13,600	381,072	445,400
Canadian Tire Corporation, Limited	CAD		2,600	311,309	365,950
Cineplex Inc.	CAD		5,000	243,486	257,900
DHX Media Ltd.	CAD		49,800	373,701	328,680
Diversified Royalty Corp.	CAD		86,300	228,778	188,134
Dollarama Inc.	CAD		1,100	68,519	99,220
GNC Holdings, Inc.	USD		300	9,353	9,480
Michael Kors Holdings Limited	USD		1,400	88,892	90,116
Mohawk Industries, Inc.	USD		1,100	279,149	271,545
New Look Vision Group Inc.	CAD		5,500	164,251	171,270
Newell Brands Inc.	USD		800	44,044	50,548
Restaurant Brands International Inc.	USD		1,500	69,982	81,176
Ross Stores, Inc.	USD		3,400	215,732	250,743
Sleep Country Canada Holdings Inc.	CAD		8,400	145,750	200,088
Spin Master Corp.	CAD		14,100	373,702	375,765
Stingray Digital Group Inc.	CAD		29,600	199,836	206,904
Uni-Select Inc.	CAD		5,200	116,671	170,352
				3,314,227	3,563,271
Consumer Staples		5.8%			
AGT Food and Ingredients Inc.	CAD		7,500	217,344	266,175
Alimentation Couche-Tard Inc.	CAD		6,700	296,362	371,716
Clearwater Seafoods Incorporated	CAD		5,800	80,620	81,084
Constellation Brands, Inc.	USD		600	108,340	129,101
Cott Corporation	CAD		4,100	79,645	74,046
CVS Health Corporation	USD		500	64,437	62,274
Loblaw Companies Limited	CAD		2,800	189,452	193,508
METRO INC.	CAD		1,500	51,554	67,515
Mondelez International, Inc.	USD		2,700	153,079	159,851
Pinnacle Foods Inc.	USD		400	14,096	24,087
Premium Brands Holdings Corporation	CAD		2,400	97,450	130,560
Tyson Foods, Inc.	USD		2,100	180,952	182,463
The WhiteWave Foods Company	USD		4,200	241,361	256,470
				1,774,692	1,998,850
Energy		7.5%			
Birchcliff Energy Ltd.	CAD		2,200	13,786	15,136
Canadian Natural Resources Limited	CAD		10,600	378,393	422,516
Keyera Corp.	CAD		12,000	465,563	474,240
Peyto Exploration & Development Corp.	CAD		5,500	196,865	190,740
Raging River Exploration Inc.	CAD		4,000	35,604	41,120
Tamarack Valley Energy Ltd.	CAD		28,000	107,954	102,760
TransCanada Corporation	CAD		15,600	762,609	909,792
Vermilion Energy Inc.	CAD		8,600	361,550	353,804
Whitecap Resources Inc.	CAD		5,000	46,000	49,400
				2,368,324	2,559,508

EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		53.8%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Financials		3.7%			
CI Financial Corp.	CAD		19,500	590,539	525,525
Dream Industrial Real Estate Investment	CAD		9,300	80,242	81,189
Element Financial Corporation	CAD		28,600	449,823	391,820
iPath Bloomberg Cotton Subindex Total Ret	USD		1,200	59,735	66,370
Killam Apartment Real Estate Investment Trust	CAD		15,100	181,197	191,619
				1,361,536	1,256,523
Health Care		0.7%			
Johnson & Johnson	USD		500	74,745	78,900
Zoetix Inc.	USD		2,400	126,058	148,178
				200,803	227,078
Industrials		6.9%			
Armstrong Flooring, Inc.	USD		10,010	188,458	220,723
Black Diamond Group Limited	CAD		29,900	173,540	161,161
CAE Inc.	CAD		9,600	158,099	149,856
Canadian National Railway Company	CAD		1,900	148,903	144,951
Honeywell International Inc.	USD		1,300	162,751	196,717
MacDonald, Dettwiler and Associates Ltd.	CAD		6,300	532,011	530,901
Morneau Shepell Inc.	CAD		10,900	181,970	193,366
New Flyer Industries Inc.	CAD		5,000	174,492	201,150
Nielsen Holdings plc	USD		1,000	51,129	67,608
Richelieu Hardware Ltd.	CAD		6,800	140,667	172,380
Toromont Industries Ltd.	CAD		4,200	134,882	158,088
Waste Connections, Inc.	USD		900	79,484	84,357
WSP Global Inc.	CAD		2,200	79,152	86,944
				2,205,538	2,368,202
Information Technology		6.0%			
Alphabet Inc.	USD		600	565,932	540,211
Broadcom Limited	USD		600	122,759	121,296
Constellation Software Inc.	CAD		300	133,336	150,003
The Descartes Systems Group Inc.	USD		6,400	109,171	158,939
DH Corporation	CAD		3,200	110,079	102,752
Kinaxis Inc.	CAD		5,100	152,329	264,588
Microsoft Corporation	USD		900	66,546	59,910
Open Text Corporation	CAD		1,400	107,259	106,946
Paysafe Group PLC	GBP		16,500	134,449	111,403
Pure Technologies Ltd.	CAD		50,200	308,349	295,678
Visa Inc.	USD		1,200	112,176	115,785
Yahoo! Inc.	USD		800	37,246	39,089
				1,959,631	2,066,600
Materials		10.8%			
Agnico Eagle Mines Limited	CAD		4,200	269,029	290,388
CCL Industries Inc.	CAD		4,500	667,665	1,011,780

EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		53.8%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Detour Gold Corporation	CAD		4,200	79,179	135,744
Kirkland Lake Gold Inc.	CAD		29,100	312,965	309,624
Klondex Mines Ltd.	CAD		50,900	171,561	238,721
Lithium X Energy Corp.	CAD		40,000	72,584	67,200
Lucara Diamond Corp.	CAD		19,400	80,800	67,512
Lundin Mining Corporation	CAD		18,600	78,439	81,096
Methanex Corporation	CAD		5,800	258,044	218,022
Sandstorm Gold Ltd.	USD		51,309	296,523	297,695
Sandstorm Gold Ltd.	CAD		12,400	54,266	72,044
Sociedad Quimica y Minera de Chile S.A.	USD		7,000	193,078	225,108
Stella-Jones Inc.	CAD		6,600	274,739	317,526
Trevali Mining Corporation	CAD		265,300	151,553	148,568
Turquoise Hill Resources Ltd.	CAD		10,000	43,155	43,700
Yamana Gold Inc.	CAD		26,000	161,549	174,720
				3,165,129	3,699,448
Telecommunication Services		0.6%			
BCE Inc.	CAD		1,800	100,035	110,052
Manitoba Telecom Services Inc.	CAD		2,800	79,292	106,204
				179,327	216,256
Utilities		1.5%			
American Water Works Company, Inc.	USD		1,100	98,893	120,933
Brookfield Renewable Energy Partners L.P.	CAD		4,300	159,786	165,378
TransAlta Corporation	CAD		33,600	196,092	225,792
				454,771	512,103
				16,983,978	18,467,839

Equity Positions - Short		(3.5%)			
Security Name			Quantity	Proceeds	Fair Value
				\$	\$
Consumer Discretionary		(0.3%)			
Chipotle Mexican Grill, Inc.	USD		(200)	(115,222)	(104,790)
Energy		(2.1%)			
Suncor Energy Inc.	CAD		(600)	(21,141)	(21,504)
TransCanada Corporation	CAD		(12,100)	(608,055)	(707,366)
				(629,196)	(728,870)
Financials		(0.1%)			
Brookfield Property Partners L.P.	CAD		(400)	(11,889)	(11,620)
Great-West Lifeco Inc.	CAD		(200)	(6,636)	(6,816)
				(18,525)	(18,436)

EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Short		(3.5%)	Quantity	Proceeds	Fair Value
Security Name				\$	\$
Industrials		(0.5%)			
Caterpillar Inc.	USD		(600)	(53,896)	(59,173)
Finning International Inc.	CAD		(4,800)	(97,764)	(100,992)
				(151,660)	(160,165)
Information Technology		(0.2%)			
MasterCard Incorporated	USD		(500)	(58,168)	(57,279)
Materials		(0.3%)			
Major Drilling Group International Inc.	CAD		(14,600)	(70,837)	(114,172)
				(1,043,608)	(1,183,712)

Funds - Long		4.6%	Quantity	Average Cost	Fair Value
Security Name	Currency			\$	\$
BMO S&P/TSX Equal Weight Banks Index ETF	CAD		1,500	34,959	33,915
Boyd Group Income Fund	CAD		12,200	659,959	905,972
iShares 20+ Year Treasury Bond	USD		100	16,913	18,069
iShares Russell 2000 ETF	USD		40	4,948	5,983
iShares S&P/TSX Capped Energy	CAD		26,800	305,000	321,600
iShares S&P/TSX Capped REIT Index ETF	CAD		3,400	57,305	57,732
iShares S&P/TSX Global Gold Index ETF	CAD		12,800	165,569	201,472
PowerShares DB Agriculture Fun	USD		1,500	43,659	43,066
				1,288,312	1,587,809

Funds - Short		0.0%	Quantity	Average Cost	Fair Value
Security Name	Currency			\$	\$
iShares MSCI Italy Capped ETF	USD		(900)	(13,753)	(12,703)
iShares Russell 2000 ETF	USD		(40)	(5,666)	(5,983)
				(19,419)	(18,686)

Fixed Income Positions - Long		0.2%	Coupon Rate	Maturity Date	Par Value	Average Cost	Fair Value
Security Name	Currency		%			\$	\$
Element Financial Corporation	CAD		4.25	06-30-20	60,000	60,000	60,900

EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Forward Currency Contracts		0.0%		Contract Rate	Maturity Date	Counterparty	Credit Rating	Fair Value \$
Currency Purchased	Notional Value	Currency Sold	Notional Value					
CAD	120,371	GBP	(63,800)	1.8867	07-06-16	BNY Mellon	A1	9,608

Investment Portfolio Summary		Average Cost / (Proceeds)	Fair Value
	%	\$	\$
Equity Positions - Long	53.9	16,983,978	18,467,839
Equity Positions - Short	(3.5)	(1,043,608)	(1,183,712)
Funds - Long	4.6	1,288,312	1,587,809
Funds - Short	0.0	(19,419)	(18,686)
Fixed Income Positions - Long	0.2	60,000	60,900
Forward Currency Contracts	0.0	-	9,608
Total Investments	55.2	17,269,263	18,923,758
Total Other Net Assets	44.8	-	15,362,305
Total Net Assets	100.0	17,269,263	34,286,063

EXEMPLAR PERFORMANCE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

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

RISK MANAGEMENT

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

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

A general discussion of financial risk management for the Exemplar Funds appears as Note 4: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2016 and December 31, 2015.

Credit Rating*	Percentage of total debt securities	
	As at June 30, 2016	As at December 31, 2015
	%	%
Not Rated	100.0	100.0
Total	100.0	100.0

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

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit, cash held at the broker and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's prime brokerage services are provided by BMO Nesbitt Burns which has a credit rating of Aa3 as rated by Moody's bond rating services (December 31, 2015: Aa3).

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2015: Aa3).

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa1 (December 31, 2015: Aa1).

Liquidity Risk

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

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

EXEMPLAR PERFORMANCE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

(a) Currency Risk

The table below indicates the Fund's exposure as at June 30, 2016 and December 31, 2015 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other foreign currencies, with all other variables held constant. Non-monetary items include equities. Monetary items include fixed income, cash and other current receivables and payables.

June 30, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$	\$	\$	\$	\$	\$
Currency						
United States Dollar - Long	772,521	4,177,956	4,950,477	77,252	417,796	495,048
United States Dollar - Short	(305,666)	(240,191)	(545,857)	(30,567)	(24,019)	(54,586)
Great Britian Pound - Long	-	111,403	111,403	-	11,140	11,140
Great Britian Pound - Short	110,763	-	110,763	11,076	-	11,076
Total	577,618	4,049,168	4,626,786	57,761	404,917	462,678
% of net assets attributable to holders of redeemable units	1.7%	11.8%	13.5%	0.2%	1.2%	1.3%

December 31, 2015	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$	\$	\$	\$	\$	\$
Currency						
United States Dollar - Long	1,271,682	3,910,633	5,182,315	127,168	391,063	518,231
United States Dollar - Short	(16,793)	(202,376)	(219,169)	(1,679)	(20,238)	(21,917)
Total	1,254,889	3,708,257	4,963,146	125,489	370,825	496,314
% of net assets attributable to holders of redeemable units	4.7%	13.8%	18.4%	0.5%	1.4%	1.8%

(b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2016 and December 31, 2015. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to Maturity	Total Exposure	
	June 30, 2016	December 31, 2015
Less than 1 year	\$ -	\$ -
1-3 years	-	-
3-5 years	60,900	61,959
Greater than 5 years	-	-
Total	\$ 60,900	\$ 61,959
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ 2,225	+/- \$ 2,528
Total % sensitivity to net assets attributable to holders of redeemable units	0.0%	0.0%

(c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

To achieve the investment objective, the Fund will invest predominantly in large and mid capitalization Canadian companies. Generally, no more than 20% of the Fund is expected to be invested outside of this investment focus. The Fund may also invest in bonds and other debt instruments if warranted by financial conditions. The Fund will not specialize in any one industry other than to

EXEMPLAR PERFORMANCE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

concentrate investments in those industries that offer the best opportunities for exceptional returns at each stage of the economic and market cycle.

The Fund may follow a more concentrated investment approach and, from time to time, over weight certain geographic regions and industry sectors when deemed appropriate by the Manager. This may result in the Fund's portfolio weightings being substantially different from the weightings of the S&P/TSX Composite Total Return Index (or its successor index).

The Fund may hold cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the Manager's ongoing evaluation of current and anticipated economic and market conditions. The Fund may also invest in foreign securities of the same type and characteristics as described above.

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold short at prices which may be significantly higher than the fair value reflected on the financial statements.

As at June 30, 2016, the impact on net assets of the Fund due to a 5% change in market prices of equity securities is \$942,663 (all other variables held constant) (December 31, 2015: \$636,970).

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk as of June 30, 2016 and December 31, 2015:

Market Segment	% of net assets attributable to holders of redeemable units			
	June 30, 2016		December 31, 2015	
	Long Positions	Short Positions	Long Positions	Short Positions
	%	%	%	%
Consumer Discretionary	10.4	(0.3)	13.3	(0.5)
Consumer Staples	6.0	-	6.8	-
Energy	8.4	(2.1)	2.4	-
Financials	4.2	(0.1)	4.2	(1.1)
Health Care	0.7	-	0.7	-
Industrials	9.5	(0.5)	7.3	(0.1)
Information Technology	6.0	(0.2)	8.5	-
Materials	11.4	(0.3)	5.2	(0.2)
Telecommunication Services	0.6	-	0.6	(0.1)
Utilities	1.5	-	0.2	-
Total	58.7	(3.5)	49.2	(2.0)

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015:

EXEMPLAR PERFORMANCE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

June 30, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	18,302,461	165,378	-	18,467,839
Fixed income	-	60,900	-	60,900
Funds	681,837	905,972	-	1,587,809
Derivatives	-	9,608	-	9,608
Total	18,984,298	1,141,858	-	20,126,156
Financial liabilities				
Equities sold short	(1,183,712)	-	-	(1,183,712)
Funds	(18,686)	-	-	(18,686)
Total	(1,202,398)	-	-	(1,202,398)

December 31, 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	13,225,603	-	-	13,225,603
Fixed income	-	61,959	-	61,959
Total	13,225,603	61,959	-	13,287,562
Financial liabilities				
Equities sold short	(548,171)	-	-	(548,171)
Total	(548,171)	-	-	(548,171)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the finance department. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

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

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

As at June 30, 2016 and December 31, 2015, the Fund did not hold any Level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ending June 30, 2016 and 2015.

EXEMPLAR PERFORMANCE FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2016 and 2015.

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

June 30, 2015	Net realized gains / (losses) \$	Net change in unrealized gains / (losses) \$	Interest income \$	Interest expense \$	Dividend income \$	Dividend expense \$	Total \$
Financial assets at FVTPL:							
Designated as FVTPL	24,454	854,993	-	-	50,355	-	929,802
Financial liabilities at FVTPL:							
HFT	(6,026)	267	-	-	-	(3,827)	(9,586)
Total	18,428	855,260	-	-	50,355	(3,827)	920,216

EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Financial assets designated at fair value through profit and loss	\$33,142,597	\$28,766,846
Financial assets held for trading		
Unrealized gain on futures contracts - short	-	21,430
Unrealized gain on forward currency contracts	-	2,125
Warrants at fair value	4	4
Cash	3,637,197	6,530,132
Margin deposits	833,414	969,293
Accrued interest receivable	319,273	419,256
Receivable for securities sold	742,163	-
Receivable for redeemable units issued	100,377	113,115
	38,775,025	36,822,201
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Unrealized loss on futures contracts - long	194,354	189,540
Unrealized loss on swap contracts	260,452	30,760
Unrealized loss on forward currency contracts	301	-
Payable for securities purchased	737,610	-
Payable for redeemable units redeemed	395,844	63,609
Other liabilities (Note 9)	49,987	52,583
	1,638,548	336,492
Net assets attributable to holders of redeemable units	\$37,136,477	\$36,485,709
Net assets attributable to holders of redeemable units		
Series A	\$4,242,623	\$4,369,884
Series AI	\$303,050	\$257,213
Series AN	\$9,514,079	\$10,313,894
Series F	\$14,835,182	\$11,641,816
Series FI	\$1,548,514	\$1,112,189
Series FN	\$5,262,135	\$6,653,587
Series I	\$569,049	\$1,131,199
Series L	\$803,814	\$939,352
Series LI	\$4,876	\$9,658
Series U	\$37,370	\$40,013
Series M	\$15,785	\$16,904

Continued on next page.

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

EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
<i>Continued from previous page.</i>		
Number of redeemable units outstanding (Note 7)		
Series A	464,320	478,057
Series AI	34,464	28,942
Series AN	943,939	1,048,750
Series F	1,596,055	1,257,444
Series FI	173,464	123,815
Series FN	516,497	671,979
Series I	56,045	115,268
Series L	87,862	102,488
Series LI	527	1,031
Series U	2,940	2,940
Series M	1,250	1,250
Net assets attributable to holders of redeemable units per unit		
Series A	\$9.14	\$9.14
Series AI	\$8.79	\$8.89
Series AN	\$10.08	\$9.83
Series F	\$9.29	\$9.26
Series FI	\$8.93	\$8.98
Series FN	\$10.19	\$9.90
Series I	\$10.15	\$9.81
Series L	\$9.15	\$9.17
Series LI	\$9.25	\$9.37
Series U USD	\$9.77	\$9.83
Series M USD	\$9.71	\$9.77
USD/CAD Foreign Exchange Rate	0.7687	0.7225

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

“James L. McGovern”

James L. McGovern, Director

“Robert W. Maxwell”

Robert W. Maxwell, Director

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

EXEMPLAR TACTICAL CORPORATE BOND FUND

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

	2016 \$	2015 \$
INCOME		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	869,061	510,952
Dividend income	42,759	-
Net realized gain (loss) on investments and derivatives	304,743	39,828
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	39,013	82,499
Net gains (losses) on investments and derivatives	1,255,576	633,279
Other income items:		
Interest on cash	1,793	855
Foreign exchange gain (loss)	9,300	9,360
Net change in unrealized foreign exchange gain (loss)	37,064	1,011
Total income (net)	1,303,733	644,505
EXPENSES		
Securityholder reporting fees	88,698	32,707
Management fees (Note 9)	234,908	150,359
Interest expense	3,007	10,108
Audit fees	10,781	9,000
Legal fees	4,703	14,447
Independent Review Committee fees	2,300	2,367
Custodial fees	6,793	2,668
Commissions and other portfolio transaction costs (Note 9)	2,629	320
Commissions on Futures (Note 9)	5,745	2,102
Harmonized sales tax	24,687	18,838
Total expense before manager absorption	384,251	242,916
Less: expenses absorbed by manager (Note 9)	(76,658)	(38,516)
Total expenses after manager absorption	307,593	204,400
Increase (decrease) in net assets attributable to holders of redeemable units	996,140	440,105
Increase (decrease) in net assets attributable to holders of redeemable units (Note 11)		
Series A	107,349	55,173
Series AI	6,185	5,957
Series AN	231,798	96,659
Series F	413,141	192,300
Series FI	35,150	43,162
Series FN	144,154	37,053
Series I	47,850	1,117
Series L	12,679	8,698
Series LI	218	(14)
Series U	(1,676)	-
Series M	(708)	-
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 11)		
Series A	0.23	0.17
Series AI	0.21	0.17
Series AN	0.24	0.17
Series F	0.28	0.22
Series FI	0.26	0.22
Series FN	0.25	0.16
Series I	0.40	0.05
Series L	0.14	0.12
Series LI	0.21	(0.01)
Series U	(0.57)	-
Series M	(0.57)	-

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

EXEMPLAR TACTICAL CORPORATE BOND FUND

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

		2016 \$	2015 \$
Net assets attributable to holders of redeemable units at beginning of period	Series A	4,369,884	3,448,110
	Series AI	257,213	265,651
	Series AN	10,313,894	5,346,433
	Series F	11,641,816	9,797,932
	Series FI	1,112,189	1,730,145
	Series FN	6,653,587	1,100,299
	Series I	1,131,199	-
	Series L	939,352	384,093
	Series LI	9,658	-
	Series U	40,013	-
	Series M	16,904	-
		36,485,709	22,072,663
Increase (decrease) in net assets attributable to holders of redeemable units	Series A	107,349	55,173
	Series AI	6,185	5,957
	Series AN	231,798	96,659
	Series F	413,141	192,300
	Series FI	35,150	43,162
	Series FN	144,154	37,053
	Series I	47,850	1,117
	Series L	12,679	8,698
	Series LI	218	(14)
	Series U	(1,676)	-
	Series M	(708)	-
		996,140	440,105
Distributions to holders of redeemable units			
From net investment income	Series A	(107,988)	(75,816)
	Series AI	(9,198)	(11,955)
	Series AN	-	-
	Series F	(329,252)	(212,817)
	Series FI	(41,903)	(65,267)
	Series FN	-	-
	Series I	-	(546)
	Series L	(20,084)	(17,461)
	Series LI	(345)	-
	Series U	(967)	-
	Series M	(411)	-
		(510,148)	(383,862)
Total distributions to holders of redeemable units			
Redeemable unit transactions			
Proceeds from redeemable units issued	Series A	444,367	2,186,486
	Series AI	83,349	73,000
	Series AN	168,820	1,258,124
	Series F	4,504,460	4,314,653
	Series FI	532,362	371,000
	Series FN	1,213,965	3,579,328
	Series I	855,000	451,130
	Series L	28,450	552,622
	Series LI	-	10,000
	Series U	-	-
	Series M	-	-

Continued on next page.

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

EXEMPLAR TACTICAL CORPORATE BOND FUND

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

		2016 \$	2015 \$
<i>Continued from previous page.</i>			
Reinvestments of distributions to holders of redeemable units	Series A	47,520	59,810
	Series AI	8,716	11,955
	Series AN	-	-
	Series F	113,435	168,698
	Series FI	39,486	64,344
	Series FN	-	-
	Series I	-	546
	Series L	15,866	14,878
	Series LI	345	-
	Series U	-	-
	Series M	-	-
Redemption of redeemable units	Series A	(618,509)	(1,114,671)
	Series AI	(43,215)	(50,888)
	Series AN	(1,200,433)	(314,854)
	Series F	(1,508,418)	(2,796,830)
	Series FI	(128,770)	(810,195)
	Series FN	(2,749,571)	(58,984)
	Series I	(1,465,000)	-
	Series L	(172,449)	-
	Series LI	(5,000)	-
	Series U	-	-
	Series M	-	-
Net increase (decrease) from redeemable unit transactions		164,776	7,970,152
Net increase (decrease) in net assets attributable to holders of redeemable units		650,768	8,026,395
	Series A	4,242,623	4,559,092
	Series AI	303,050	293,720
	Series AN	9,514,079	6,386,362
	Series F	14,835,182	11,463,936
	Series FI	1,548,514	1,333,189
	Series FN	5,262,135	4,657,696
	Series I	569,049	452,247
	Series L	803,814	942,830
	Series LI	4,876	9,986
	Series U	37,370	-
	Series M	15,785	-
Net assets attributable to holders of redeemable units at end of period		37,136,477	30,099,058

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

EXEMPLAR TACTICAL CORPORATE BOND FUND

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

	2016 \$	2015 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	996,140	440,105
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(53,987)	(1,055)
Net realized (gain) loss on investments and derivatives	(304,743)	(39,828)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(39,013)	(82,499)
Purchase of investments	(39,359,473)	(26,754,622)
Proceeds on sale of investments and derivatives	35,581,287	20,176,219
Decrease (increase) in accrued interest receivable	99,983	(25,204)
Increase (decrease) in other liabilities	(2,596)	5,099
Decrease (increase) in margin deposits	135,879	(317,751)
Net cash from (used in) operating activities	(2,946,523)	(6,599,536)
Cash flows from (used in) financing activities		
Proceeds from redeemable units issued	7,843,511	12,465,368
Redemption of redeemable units	(7,559,130)	(5,173,081)
Distributions paid to holders of redeemable units, net of reinvested distributions	(284,780)	(63,631)
Net cash from (used in) financing activities	(399)	7,228,656
Net increase (decrease) in cash	(2,946,922)	629,120
Cash at beginning of the period	6,530,132	3,693,981
Net change in unrealized foreign exchange gain (loss) on cash	53,987	1,055
Cash at end of the period	3,637,197	4,324,156
Interest received*	970,837	486,603
Interest paid*	(3,007)	(10,108)

*Included as part of cash flows from operating activities

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

EXEMPLAR TACTICAL CORPORATE BOND FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Equity Positions - Long		3.3%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
Energy		3.3%			
Enbridge Inc.	USD		36,340	904,774	794,687
TransCanada Corporation	CAD		16,400	410,000	427,056
				<u>1,314,774</u>	<u>1,221,743</u>

Fixed Income Positions - Long		86.0%				
Security Name	Currency	Coupon Rate	Maturity Date	Par Value	Average Cost	Fair Value
		%			\$	\$
Ag Growth International Inc.	CAD	5.25	12-31-19	710,000	745,189	727,715
Aon Finance N.S. 1, ULC	CAD	4.76	03-08-18	500,000	537,008	522,025
Bombardier Inc.	USD	7.50	03-15-25	1,570,000	1,615,796	1,776,898
CIT Group Inc.	USD	4.25	08-15-17	1,120,000	1,484,082	1,487,604
Enbridge Inc.	USD	4.50	06-10-44	960,000	1,021,914	1,085,738
Ford Credit Canada Limited	CAD	3.14	06-14-19	1,000,000	1,004,450	1,028,500
The Goldman Sachs Group, Inc.	CAD	5.00	05-03-18	1,000,000	1,082,780	1,060,510
Government of Canada	CAD	0.25	05-01-18	1,500,000	1,489,200	1,492,785
Kraft Canada Inc.	CAD	2.70	07-06-20	958,000	972,456	987,784
Loblaw Companies Limited	CAD	3.75	03-12-19	500,000	522,095	527,300
Manulife Bank of Canada	CAD	1.51	06-01-18	1,500,000	1,500,000	1,501,905
Medavie Inc.	CAD	6.00	05-21-24	220,000	221,122	226,472
Morgan Stanley	CAD	4.90	02-23-17	680,000	724,080	695,388
Navient Corporation	USD	5.63	08-01-33	1,400,000	1,340,454	1,288,541
Navient Corporation	USD	8.00	03-25-20	900,000	1,226,142	1,199,354
NHA MBS MCAP Service Corp	CAD	1.20	02-01-20	892,332	888,486	887,558
Postmedia Network Inc.	CAD	8.25	08-16-17	266,575	275,239	231,587
Quebecor Media Inc.	CAD	7.38	01-15-21	1,530,000	1,606,500	1,581,638
Royal Bank of Canada	CAD	2.89	10-11-18	2,300,000	2,382,133	2,379,281
The Royal Bank of Scotland plc	CAD	5.37	11-29-49	40,000	39,700	40,800
The Royal Bank of Scotland Group plc	CAD	6.67	12-31-49	1,640,000	1,797,189	1,710,685
The Royal Bank of Scotland plc	CAD	10.50	03-16-22	480,000	552,288	503,971
Shaw Communications Inc.	CAD	5.65	10-01-19	1,500,000	1,660,500	1,662,585
TransCanada PipeLines Limited	CAD	3.69	07-19-23	1,031,000	1,095,324	1,117,676
TransCanada PipeLines Limited	USD	6.35	05-15-67	1,040,000	1,143,683	960,584
US Treasury Note	USD	2.50	02-15-46	603,000	762,398	816,862
US Treasury Note	USD	1.63	05-15-26	711,000	897,459	936,285
Videotron Ltd.	CAD	6.88	07-15-21	600,000	647,250	621,000
WTH Car Rental, ULC	CAD	1.91	07-20-20	1,000,000	1,000,000	988,630
Xplornet Communications Inc.	CAD	13.00	05-15-17	433,281	452,779	446,279
Yellow Pages Digital & Media Solutions Ltd.	CAD	9.25	11-30-18	1,365,468	1,441,093	1,426,914
					<u>32,128,789</u>	<u>31,920,854</u>

EXEMPLAR TACTICAL CORPORATE BOND FUND

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Futures Contracts - Long		(0.5%)				Unrealized
Security Name	Currency	Contracts	Contract Size	Expiry Date	Notional Value	Gain / (Loss)
						\$
Canadian Currency		(0.5%)				
C\$ CURRENCY FUTURE (CME)	USD	120	1,000	09-20-16	9,254,400	(194,354)

Swap Positions		(0.7%)				Unrealized	
Security Name	Currency				Notional Value	Proceeds	Gain / (Loss)
						\$	\$
CDS ENBCN 100 06/21 US	USD		Credit Default Swap		1,000,000	(108,962)	(101,704)
CDS: (CDX NA HY 26.5Y)	USD		Credit Default Swap Index		3,800,000	(109,447)	(158,748)
						<u>(218,409)</u>	<u>(260,452)</u>

Warrant Positions - Long		0.0%				Fair Value
Security Name	Currency	Strike Price	Maturity Date	Quantity	Average Cost	Fair Value
					\$	\$
Xplornet Communications Inc.	CAD	0	05-15-17	370	4	4

Forward Currency Contracts		(0.0%)				Fair Value		
Currency Purchased	Notional Value	Currency Sold	Notional Value	Contract Rate	Maturity Date	Counterparty	Credit Rating	Fair Value
								\$
USD	29,000	CAD	(37,936)	0.764444	07-06-16	BNY Mellon	A1	(210)
USD	12,500	CAD	(16,352)	0.764444	07-06-16	BNY Mellon	A1	(91)
								<u>(301)</u>

Investment Portfolio Summary		Average Cost / (Proceeds)	Fair Value
	%	\$	\$
Equity Positions - Long	3.2	1,314,774	1,221,743
Fixed Income Positions - Long	86.0	32,128,789	31,920,854
Futures Contracts - Long	(0.5)	-	(194,354)
Swap Positions	(0.7)	(218,409)	(260,452)
Warrant Positions - Long	0.0	4	4
Forward Currency Contracts	(0.0)	-	(301)
Total Investments	88.0	33,225,158	32,687,494
Total Other Net Assets	12.0	-	4,448,983
Total Net Assets	100.0	33,225,158	37,136,477

EXEMPLAR TACTICAL CORPORATE BOND FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

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

RISK MANAGEMENT

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

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

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

A general discussion of financial risk management for the Exemplar Funds appears as Note 4: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2016 and December 31, 2015.

Credit Rating*	Percentage of total debt securities	
	As at June 30, 2016	As at December 31, 2015
	%	%
AAA	10.2	-
AA	7.5	-
A	13.7	6.4
BBB	21.2	23.1
Below BBB	37.2	58.7
Not Rated	10.2	11.8
Total	100.0	100.0

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

The Fund is exposed to counterparty credit risk on swaps and futures contracts. The counterparties to the Fund's swaps are Bank of America and JP Morgan Chase & Co. which have credit ratings as rated by Moody's bond rating services of Baa1 and A3, respectively (December 31, 2015: Baa1 and A3, respectively). Futures contracts are exchange traded. Cash collateral has been provided to Bank of America in accordance with terms of derivative transaction agreements.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2015: Aa3).

The Fund is also exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa1 (December 31, 2015: Aa1).

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

EXEMPLAR TACTICAL CORPORATE BOND FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Liquidity Risk

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

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2016, the minimum margin borrowings used was \$59,397 and the maximum margin borrowings used was \$1,348,590 (2015: min: \$0, max: \$9,869).

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

The table below indicates the Fund's exposure to USD as at June 30, 2016 and December 31, 2015 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Monetary items include bonds, futures, swaps, cash and other current receivables and payables.

June 30, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	13,206,491	794,687	14,001,178	1,320,649	79,469	1,400,118
United States Dollar - Short	(885,679)	-	(885,679)	(88,568)	-	(88,568)
Total	12,320,812	794,687	13,115,499	1,232,081	79,469	1,311,550
% of net assets attributable to holders of redeemable units	33.2%	2.1%	35.3%	3.3%	0.2%	3.5%

December 31, 2015	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	16,000,817	824,338	16,825,155	1,600,082	82,434	1,682,516
United States Dollar - Short	10,738	-	10,738	1,074	-	1,074
Total	16,011,555	-	16,835,893	1,601,156	82,434	1,683,590
% of net assets attributable to holders of redeemable units	43.9%	2.3%	46.1%	4.4%	0.2%	4.6%

(b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2016 and December 31, 2015. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

EXEMPLAR TACTICAL CORPORATE BOND FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Term to Maturity	Total Exposure	
	June 30, 2016	December 31, 2015
Less than 1 year	\$ 1,141,667	\$ -
1-3 years	12,793,696	4,617,829
3-5 years	6,899,979	5,331,973
Greater than 5 years	11,085,512	17,992,706
Total	\$ 31,920,854	\$ 27,942,508
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ 1,635,601	+/- \$ 1,608,619
Total % sensitivity to net assets attributable to holders of redeemable units	4.4%	4.4%

(c) Price Risk

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

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

As at June 30, 2016, if the Fund's relevant benchmark index, FTSE TMX Canada All Corporate Bond Index, had increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by \$557,047 (December 31, 2015: \$273,643).

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk as of June 30, 2016 and December 31, 2015:

Market Segment	June 30, 2016	December 31, 2015
	\$	\$
Consumer Discretionary	11.1	7.3
Consumer Staples	4.1	2.3
Energy	11.7	13.5
Financials	47.2	26.3
Health Care	0.6	-
Industrials	6.7	7.4
Telecommunication Services	7.8	22.0
Total	89.2	78.8

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015:

EXEMPLAR TACTICAL CORPORATE BOND FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

June 30, 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	1,221,743	-	-	1,221,743
Fixed Income	-	31,920,854	-	31,920,854
Derivatives	-	4	-	4
Total	1,221,743	31,920,858	-	33,142,601
Financial liabilities				
Derivatives	(194,354)	(260,753)	-	(455,107)
Total	(194,354)	(260,753)	-	(455,107)

December 31, 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	824,338	-	-	824,338
Fixed income	-	27,942,508	-	27,942,508
Derivatives	21,430	2,129	-	23,559
Total	845,768	27,944,637	-	28,790,405
Financial liabilities				
Derivatives	(189,540)	(30,760)	-	(220,300)
Total	(189,540)	(30,760)	-	(220,300)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the finance department. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

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

As at June 30, 2016 and December 31, 2015, the Fund did not hold any Level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ending June 30, 2016 and 2015.

a) Bonds

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

b) Derivatives

Derivative assets and liabilities consist of futures contracts and credit default index swaps. Futures contracts are exchange traded and are classified as Level 1 as they are actively traded on a recognized exchange and a quoted price is available. Credit default index

EXEMPLAR TACTICAL CORPORATE BOND FUND

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

swaps are valued based upon quotations from independent security pricing sources. The inputs that are significant to valuation are generally observable and therefore credit default index swaps have been classified as Level 2.

c) Warrants

Warrants are valued using models and valuation techniques commonly used in the industry, including inputs such as underlying stock price, restrictions on exercise and days to expiry. When the inputs that are significant to valuation are generally observable, the warrant is classified as Level 2. Warrants that have significant unobservable inputs are classified as Level 3.

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2016 and 2015.

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

June 30, 2015	Net realized gains / (losses) \$	Net change in unrealized gains / (losses) \$	Interest income \$	Interest expense \$	Dividend income \$	Dividend expense \$	Total \$
Financial asset at FVTPL:							
Designated as FVTPL	170,724	169,293	510,952	-	-	-	850,969
Financial liabilities at FVTPL:							
HFT	(130,896)	(86,794)	-	-	-	-	(217,690)
Total	39,828	82,499	510,952	-	-	-	633,279

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Financial assets designated at fair value through profit and loss		
Unrestricted	\$10,861,722	\$2,314,221
Pledged collateral (<i>Note 4</i>)	-	13,055,142
Unrealized gain on forward currency contracts	62,695	6,689
Cash	592,191	-
Margin deposits	-	6,562,130
Accrued interest receivable	165,729	198,637
Receivable for redeemable units issued	150,000	-
	11,832,337	22,136,819
LIABILITIES		
Current liabilities		
Financial liabilities held for trading		
Investments sold short	-	5,396,884
Unrealized loss on forward currency contracts	-	633,065
Payable for securities purchased	60,873	-
Accrued interest payable	-	16,015
Other liabilities (<i>Note 9</i>)	21,223	21,587
	82,096	6,067,551
Net assets attributable to holders of redeemable units	\$11,750,241	\$16,069,268
Net assets attributable to holders of redeemable units		
Units	-	\$16,069,258
Class A Units	-	\$10
Series A	\$8,879,528	-
Series AI	\$5,082	-
Series AN	\$5,082	-
Series F	\$5,093	-
Series FI	\$5,092	-
Series FN	\$1,172,862	-
Series I	\$1,667,346	-
Series L	\$5,078	-
Series LI	\$5,078	-

Continued on next page

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

Statements of Financial Position (Unaudited)

	As at June 30, 2016	As at December 31, 2015
<i>Continued from previous page</i>		
Number of redeemable units outstanding (Note 7)		
Units	-	2,409,972
Class A Units	-	1
Series A	756,850	-
Series AI	509	-
Series AN	500	-
Series F	506	-
Series FI	509	-
Series FN	115,167	-
Series I	163,758	-
Series L	506	-
Series LI	509	-
Net assets attributable to holders of redeemable units per unit		
Units	-	\$6.67
Class A Units	-	\$10.00
Series A	\$11.73	-
Series AI	\$9.98	-
Series AN	\$10.16	-
Series F	\$10.07	-
Series FI	\$10.00	-
Series FN	\$10.18	-
Series I	\$10.18	-
Series L	\$10.04	-
Series LI	\$9.98	-

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

“James L. McGovern”

“Robert W. Maxwell”

James L. McGovern, Director

Robert W. Maxwell, Director

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

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

	2016 \$	2015 \$
INCOME		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	389,422	2,087,533
Interest expense on short sales	-	(32,261)
Dividend income	5,817	2,403
Dividend expense on short sales	(5,460)	(38,087)
Net realized gain (loss) on investments and forward currency contracts	(994,538)	(3,022,916)
Net change in unrealized appreciation (depreciation) in value of investments and forward currency contracts	594,688	3,648,508
Net gains (losses) on investments and derivatives	(10,071)	2,645,180
Other income items:		
Interest on cash	5,649	3,598
Foreign exchange gain (loss)	251,855	286,395
Net change in unrealized foreign exchange gain (loss)	(158,298)	(196,088)
Total income (net)	89,135	2,739,085
EXPENSES		
Securityholder reporting fees	49,926	38,250
Management fees (Note 9)	85,324	186,825
Audit fees	10,323	15,333
Independent Review Committee fees	2,300	2,427
Custodial fees	643	-
Legal fees	745	2,602
Withholding tax expense	873	(2,122)
Interest expense	71,738	242,474
Security borrowing expenses	8,878	102,376
Commissions and other portfolio transaction costs (Note 9)	3,332	1,552
Harmonized sales tax	13,472	31,907
Total expenses before manager absorption	247,554	621,624
Less: expenses absorbed by manager (Note 9)	(24,826)	-
Total expenses after manager absorption	222,728	621,624
Increase (decrease) in net assets attributable to holders of redeemable units	(133,593)	2,117,461
Increase (decrease) in net assets attributable to holders of redeemable units (Note 11)		
Units	(367,001)	2,117,461
Class A Units	-	-
Series A	201,514	-
Series AI	82	-
Series AN	82	-
Series F	93	-
Series FI	92	-
Series FN	9,043	-
Series I	22,346	-
Series L	78	-
Series LI	78	-

Continued on next page

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

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

	2016 \$	2015 \$
<i>Continued from previous page</i>		
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 11)		
Units	(0.15)	0.50
Class A Units	-	-
Series A	0.21	-
Series AI	0.16	-
Series AN	0.16	-
Series F	0.18	-
Series FI	0.18	-
Series FN	0.17	-
Series I	0.20	-
Series L	0.16	-
Series LI	0.15	-

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

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

	2016 \$	2015 \$
Net assets attributable to holders of redeemable units at beginning of period		
Units	16,069,258	38,235,458
Class A Units	10	10
Series A	-	-
Series AI	-	-
Series AN	-	-
Series F	-	-
Series FI	-	-
Series FN	-	-
Series I	-	-
Series L	-	-
Series LI	-	-
Series LN	-	-
Series U	-	-
Series G	-	-
Series M	-	-
	16,069,268	38,235,468
Increase (decrease) in net assets attributable to holders of redeemable units		
Units	(367,001)	2,117,461
Class A Units	-	-
Series A	201,514	-
Series AI	82	-
Series AN	82	-
Series F	93	-
Series FI	92	-
Series FN	9,043	-
Series I	22,346	-
Series L	78	-
Series LI	78	-
Series LN	-	-
Series U	-	-
Series G	-	-
Series M	-	-
	(133,593)	2,117,461
Distributions to holders of redeemable units		
Units	-	-
Class A Units	-	-
Series A	(135,065)	-
Series AI	(88)	-
Series AN	-	-
Series F	(63)	-
Series FI	(88)	-
Series FN	-	-
Series I	-	-
Series L	(63)	-
Series LI	(88)	-
Series LN	-	-
Series U	-	-
Series G	-	-
Series M	-	-
	(135,455)	-

Continued on next page

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

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

		2016	2015
		\$	\$
<i>Continued from previous page</i>			
From net realized gains on investments and derivatives	Units	-	-
	Class A Units	-	-
	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LI	-	-
	Series LN	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-
		-	-
Return of capital	Units	(400,000)	(1,450,000)
	Class A Units	-	-
	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LI	-	-
	Series LN	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-
		(400,000)	(1,450,000)
		(535,455)	(1,450,000)
Total distributions to holders of redeemable units			
Redeemable unit transactions			
Proceeds from redeemable units issued	Units	-	-
	Class A Units	-	-
	Series A	15,791,331	-
	Series AI	5,000	-
	Series AN	5,000	-
	Series F	5,000	-
	Series FI	5,000	-
	Series FN	1,163,819	-
	Series I	1,645,000	-
	Series L	5,000	-
	Series LI	5,000	-
	Series LN	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-
		18,630,150	-

Continued on next page

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

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

		2016	2015
		\$	\$
<i>Continued from previous page</i>			
Reinvestments of distributions to holders of redeemable units	Units	-	-
	Class A Units	-	-
	Series A	123,193	-
	Series AI	88	-
	Series AN	-	-
	Series F	63	-
	Series FI	88	-
	Series FN	-	-
	Series I	-	-
	Series L	63	-
	Series LI	88	-
	Series LN	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-
		123,583	-
Redemption of redeemable units	Units	(15,302,257)	(17,500,000)
	Class A Units	(10)	-
	Series A	(7,101,445)	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LI	-	-
	Series LN	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-
		(22,403,712)	(17,500,000)
Net increase (decrease) from redeemable unit transactions		(3,649,979)	(17,500,000)
Net increase (decrease) in net assets attributable to holders of redeemable units		(4,319,027)	(16,832,539)
	Units	-	21,402,919
	Class A Units	-	10
	Series A	8,879,528	-
	Series AI	5,082	-
	Series AN	5,082	-
	Series F	5,093	-
	Series FI	5,092	-
	Series FN	1,172,862	-
	Series I	1,667,346	-
	Series L	5,078	-
	Series LI	5,078	-
	Series LN	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-
Net assets attributable to holders of redeemable units at end of period		11,750,241	21,402,929

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF Trust)

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

	2016 \$	2015 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(133,593)	2,117,461
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss	(2,849)	196,088
Net realized loss (gain) on investments and forward currency contracts	994,538	3,022,916
Net change in unrealized depreciation (appreciation) in value of investments and forward currency	(594,688)	(3,648,508)
Purchase of investments	(19,362,866)	(13,719,229)
Proceeds on sale of investments	17,445,575	26,736,064
(Increase) decrease in margin deposits	6,562,130	(12,285,657)
Decrease (increase) in accrued interest and dividends receivable	32,908	263,310
Increase (decrease) in accrued interest and dividends payable	(16,015)	(11,066)
Increase (decrease) in other liabilities	(364)	(5,668)
Net cash from (used in) operating activities	4,924,776	2,665,711
Cash flows from (used in) financing activities		
Proceeds from redeemable units issued	18,480,150	-
Redemption of redeemable units	(22,403,712)	(17,500,000)
Distributions paid to holders of redeemable units, net of reinvested distributions	(411,872)	(1,450,000)
Increase (decrease) in margin loan	-	16,480,377
Net cash from (used in) financing activities	(4,335,434)	(2,469,623)
Net increase (decrease) in cash	589,342	196,088
Cash at beginning of the period	-	-
Net change in unrealized foreign exchange gain (loss)	2,849	(196,088)
Cash at end of the period	592,191	-
Interest received*	38,557	2,286,922
Dividends received, net of withholding tax*	4,944	20,435
Interest paid*	(16,015)	(284,139)
Dividends paid*		

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

EXEMPLAR US HIGH YIELD FUND

(Formerly RRF Trust)

Schedule of Investment Portfolio – As at June 30, 2016 (Unaudited)

Investment Portfolio Summary		Average Cost/ (Proceeds)	Fair Value
	%	\$	\$
Fixed Income Positions - Long	92.4	11,188,596	10,861,722
Forward Currency Contracts	<u>0.5</u>	-	<u>62,695</u>
Total Investments	93.0	11,188,596	10,924,417
Total Other Net Assets	<u>7.0</u>	-	<u>825,824</u>
Total Net Assets	<u>100.0</u>	<u>11,188,596</u>	<u>11,750,241</u>

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF TRUST)

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

The investment objective of Exemplar U.S. High Yield Fund is to provide high level of total return through a combination of income and capital appreciation by primarily investing in higher yielding, lower quality fixed income securities issued by United States corporations.

RISK MANAGEMENT

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

The management of these risks is carried out by the Manager and Portfolio Advisor in accordance with the Declaration of Trust.

A general discussion of financial risk management for the Exemplar Funds appears as Note 4: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

Credit Risk

The analysis below summarizes the credit quality of the Fund's long debt portfolio at June 30, 2016 and December 31, 2015.

Credit Rating*	Percentage of total long debt securities	
	As at June 30, 2016	As at December 31, 2015
	%	%
BBB	2.0	-
Below BBB	98.0	73.5
Not Rated	-	26.5
Total	100.0	100.0

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

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund's maximum exposure to loss due to counterparty risk is the carrying value of cash, margin deposits, receivable for securities sold, and other receivable balances. The Fund's broker services and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2015: Aa3).

The Fund is also exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa1 (December 31, 2015: Aa1).

Liquidity Risk

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

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF TRUST)

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

(a) Currency Risk

The table below indicates the Fund's exposure to USD as at June 30, 2016 and December 31, 2015 in Canadian dollar terms, and the notional amounts of foreign currency contracts. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Non-monetary items are comprised of long and short equities. Monetary items include cash, margin loan, margin deposit, derivatives, long and short fixed income securities and other current receivables and payables.

June 30, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	11,618,280	-	11,618,280	1,161,828	-	1,161,828
United States Dollar - Short	(11,213,752)	-	(11,213,752)	(1,121,375)	-	(1,121,375)
Total	404,528	-	404,528	40,453	-	40,453
% of net assets attributable to holders of redeemable units	3.4%	0.0%	3.4%	0.3%	0.0%	0.3%

December 31, 2015	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	22,831,963	86,253	22,918,216	2,283,196	8,625	2,291,821
United States Dollar - Short	(19,408,172)	(3,996,735)	(23,404,907)	(1,940,817)	(399,674)	(2,340,491)
Total	3,423,791	(3,910,482)	(486,691)	342,379	(391,049)	(48,670)
% of net assets attributable to holders of redeemable units	21.3%	(24.3%)	(3.0%)	2.1%	(2.4%)	(0.3%)

(b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2016 and December 31, 2015. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1%, assuming a parallel shift in the yield curve with all other variables held constant.

Long Positions	Total Exposure	
	June 30, 2016	December 31, 2015
Term to Maturity		
Less than 1 year	\$ -	\$ -
1-3 years	321,812	3,012,433
3-5 years	1,330,576	4,525,875
Greater than 5 years	9,209,334	7,744,802
Total	\$ 10,861,722	\$ 15,283,110
Sensitivity:		
Total \$ sensitivity	+/- \$ 560,655	+/- \$ 675,433
Total % sensitivity	4.8%	4.2%

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF TRUST)

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

Short Positions Term to Maturity	Total Exposure	
	June 30, 2016	December 31, 2015
Less than 1 year	\$ -	\$ -
1-3 years	-	(350,715)
3-5 years	-	(560,737)
Greater than 5 years	-	(488,697)
Total	\$ -	\$ (1,400,149)
Sensitivity:		
Total \$ sensitivity	+/- \$ -	+/- \$ 57,290
Total % sensitivity	0.0%	0.4%

(c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

To achieve the investment objective, the Fund will invest primarily in a diversified pool of fixed income securities, such as bonds and debentures issued by corporations or obtain exposure to such securities. The Fund will invest in higher yielding, lower quality fixed income securities also known as high yield securities. The Fund may invest in non-investment grade rated debt instruments of issuers in major industrialized nations apart from the United States although the primary focus for the portfolio is on corporations located in the United States.

The impact on net assets of the Fund due to a 5% change in market prices of U.S. fixed income holdings is \$543,086 (all other variables held constant).

Concentration Risk

The following is a summary of the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units:

Market Segment	June 30, 2016				December 31, 2015			
	Equities		Fixed Income		Equities		Fixed Income	
	Long (%)	Short (%)	Long (%)	Short (%)	Long (%)	Short (%)	Long (%)	Short (%)
Consumer Discretionary	-	-	31.2	-	0.1	(7.5)	22.1	-
Consumer Staples	-	-	5.9	-	-	-	-	-
Energy	-	-	10.5	-	-	-	6.8	(1.5)
Financials	-	-	8.4	-	-	(6.2)	12.3	(1.9)
Health Care	-	-	8.3	-	0.5	(5.8)	7.8	(1.5)
Industrials	-	-	8.4	-	-	(0.7)	19.0	(0.7)
Information Technology	-	-	1.5	-	-	(4.7)	8.2	-
Materials	-	-	5.4	-	-	-	11.2	(1.9)
Telecommunication Services	-	-	12.9	-	-	-	7.7	(1.2)
Total	-	-	92.5	-	0.6	(24.9)	95.1	(8.7)

FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF TRUST)

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2016 and December 31, 2015.

June 30, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Fixed income - long	-	10,861,722	-	10,861,722
Derivatives	-	62,695	-	62,695
Total	-	10,924,417	-	10,924,417

December 31, 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	86,253	-	-	86,253
Fixed income	-	15,283,110	-	15,283,110
Derivatives	-	6,689	-	6,689
Total	86,253	15,289,799	-	15,376,052

Financial liabilities

Equities sold short	(3,996,735)	-	-	(3,996,735)
Fixed income sold short	-	(1,400,149)	-	(1,400,149)
Derivatives	-	(633,065)	-	(633,065)
Total	(3,996,735)	(2,033,214)	-	(6,029,949)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

As at June 30, 2016 and December 31, 2015, the Fund did not hold any level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ended June 30, 2016 and 2015.

a) Equities

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Prices for the Fund's convertible preferred share positions are provided by independent security pricing services or recognized investment dealers. The inputs that are significant to valuation are generally observable and therefore the Fund's convertible preferred share positions are classified as Level 2.

b) Bonds

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

EXEMPLAR U.S. HIGH YIELD FUND

(formerly RRF TRUST)

DISCUSSION OF NOTES 4 & 5: FINANCIAL INSTRUMENTS (UNAUDITED)

For the period ended June 30, 2016

c) Derivative assets and liabilities

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

Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2016 and 2015.

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Total
June 30, 2016	\$	\$	\$	\$	\$	\$	\$
Financial asset at FVTPL:							
Designated as FVTPL	(897,374)	252,838	389,422	-	5,817	-	(249,297)
Financial liabilities at FVTPL:							
HFT	(97,164)	341,850	-	-	-	(5,460)	239,226
Total	(994,538)	594,688	389,422	-	5,817	(5,460)	(10,071)

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Total
June 30, 2015	\$	\$	\$	\$	\$	\$	\$
Financial asset at FVTPL:							
Designated as FVTPL	2,539,040	2,845,742	2,087,533	-	2,403	-	7,474,718
HFT	-	1,375,009	-	-	-	-	1,375,009
	2,539,040	4,220,751	2,087,533	-	2,403	-	8,849,727
Financial liabilities at FVTPL:							
Designated as FVTPL							
HFT	(5,561,956)	(572,243)	-	(32,261)	-	(38,087)	(6,204,547)
Total	(3,022,916)	3,648,508	2,087,533	(32,261)	2,403	(38,087)	2,645,180

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

1. THE FUNDS

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

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

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

On January 4, 2016, the Manager appointed Lazard Asset Management (Canada) Inc. to replace Raven Rock Capital Management, LLC as the Portfolio Sub-advisor of the Exemplar U.S. High Yield Fund (formerly RRF Trust).

The financial statements for Exemplar Investment Grade Fund, Exemplar Leaders Fund, Exemplar Performance Fund, Exemplar Tactical Corporate Bond Fund, and Exemplar U.S. High Yield Fund are as at June 30, 2016 and December 31, 2015 and for the periods ended June 30, 2016 and 2015.

On March 16, 2015, Arrow launched the Exemplar Growth and Income Fund which commenced operations March 24, 2015. The financial statements are as at June 30, 2016 and December 31, 2015 and for the period ended June 30, 2016 and the period since commencement of operations to June 30, 2015.

Fund Merger

Effective November 30, 2015, Exemplar Yield Fund (the "Terminating Fund") merged into Exemplar Growth and Income Fund (the "Continuing Fund"). Unitholders of the Terminating Fund received units of the Continuing Fund in exchange for their units of the Terminating Fund on a tax-deferred basis.

Details relating to the merger are as follows:

	Net Assets acquired by the Continuing Fund	Units issued by the Continuing Fund	Conversion Ratios (Terminating Fund)			
			Series A	Series F	Series I	Series L
Series A	3,392,472	333,599	0.9888	-	-	0.9835
Series F	444,693	44,161	-	1.0516	-	-
Series I	838,168	83,817	-	-	1.0737	-

Fund Conversion

RRF Trust converted to an open-end mutual fund on March 16, 2016. In connection therewith, the Fund changed its name to Exemplar U.S. High Yield Fund and changed its investment objective and investment strategies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

These financial statements were authorized for issue by the Manager on August 29, 2016.

b) Financial Instruments

The Funds recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit and loss ("FVTPL"). Regular way purchases and sales of financial assets are recognized at their trade date. The Funds' long equity positions are designated at FVTPL. The Funds' short investment positions, warrants, futures, swaps and options, if applicable, are classified as held for trading ("HFT") and are measured at FVTPL. The Funds' obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Funds' accounting policies for measuring the fair value of its investments and derivatives are the same as those used in measuring its net asset value ("NAV") for transactions with unitholders. There were no differences between the net assets attributable to holders of redeemable units used for reporting purposes under IFRS and that used for transactions with unitholders as at June 30, 2016 or December 31, 2015.

Realized gains and losses on sale of investments and unrealized appreciation or depreciation in investments are determined on an average cost basis. Realized gains and losses on securities sold short and unrealized appreciation or depreciation on securities sold short are calculated with reference to the average proceeds of the related securities. Average cost does not include amortization of premiums or discounts on fixed income securities.

Interest for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by a Fund accounted for on an accrual basis. The Funds do not amortize premiums or discounts received on the purchase of fixed income securities.

Dividend income and expense is recognized in the statement of comprehensive income on the ex-dividend date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

c) Financial Instruments - Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for securities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of bonds is determined using mid-market pricing derived from bid and ask prices provided by independent security pricing services or recognized investment dealers. Gains and losses arising from changes in the fair value of financial assets or liabilities are presented in the statement of comprehensive income. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels at the beginning of each period.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds may use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other commonly used methods by market participants which make the maximum use of observable inputs.

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

d) **Impairment of Financial Assets**

At each reporting date, each Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of future cash flows discounted using the asset's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

e) **Foreign Currency Translation**

The Funds' functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as 'Foreign exchange gain (loss)' and those relating to investments and derivatives are presented within 'Net realized gain (loss) on investments and derivatives' and 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the statement of comprehensive income.

f) **Cash**

Cash is comprised of deposits with financial institutions.

g) **Margin Deposit**

Cash collateral provided by each Fund to brokers for securities sold short and counterparties to derivative transactions is identified in that Fund's statement of financial position as 'Margin deposit'.

h) **Margin Loan**

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

i) **Forward Currency Contracts**

The Funds may enter into forward currency contracts for purposes of minimizing currency exposure or to establish an exposure to a particular currency. The value of forward currency contracts entered into by a Fund is recorded as the difference between the contract rate and the current forward rates at the measurement date, applied to the contract's notional amount and adjusted for counterparty risk. The change in the fair value of forward currency contracts is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the statement of comprehensive income. Upon closing of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the statement of comprehensive income.

j) **Options**

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. When a Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When a Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. Options held by a Fund are exchange-traded. Subsequent to initial recognition, changes in fair value, the difference between the premium paid or received, and fair value, are presented in 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the statement of comprehensive income. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statement of comprehensive income within 'Net realized gain (loss) on investments and derivatives'.

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

k) Futures Contracts

The Funds may purchase or sell exchange traded futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price established in an organized market. Subsequent to initial recognition, changes in fair value are presented in 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the statement of comprehensive income. When futures contracts are closed out, the gain or loss is presented in the statement of comprehensive income within 'Net realized gain (loss) on investments and derivatives'.

l) Credit Default Swap Contracts

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

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

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

m) Interest Rate Swap Contracts

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

n) Commissions and Other Portfolio Transaction Costs

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers. Such costs are expensed when incurred.

o) Income and Expense Allocation

The net assets of each series of each Fund are computed by calculating the value of that series' proportionate share of that Fund's assets less that series' proportionate share of that Fund's common liabilities less series specific liabilities, if any. Expenses directly attributable to a series are charged to that series. Other income, expenses and gains/losses are allocated based on a reasonable allocation methodology which will include allocations based on the assets of the Funds or the number of unitholders in the Funds or other methodology the Manager determines is fair.

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

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

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to the series divided by the weighted average number of redeemable units outstanding in that series during the period. Refer to Note 11 for the calculation.

q) Classification of Redeemable Units

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

r) Investments in Structured Entities

The Funds may invest in underlying investment vehicles ("Structured Entities") that are managed by their respective Investment Advisors and whose investment objectives may range from achieving short-term to long-term income and capital growth. Structured Entities may use leverage in a manner consistent with their respective objectives and as permitted by their respective governing regulatory authorities. Structured Entities finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportionate stake in the respective fund's net assets. The Funds' interest in Structured Entities as at June 30, 2016 and December 31, 2015, held the form of redeemable units, which are included at their fair value in the Statements of Financial Position which represents the Funds' maximum exposure in these Structured Entities. The Funds do not provide, and have not committed to provide, any additional significant financial or other support to the Structured Entities. The change in fair value of each of the Structured Entities during the periods is included in 'Change in unrealized appreciation (depreciation) of value of investments and derivatives' and 'Net gains (losses) on investments and derivatives' in the Statements of Comprehensive Income.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Manager has made in preparing the financial statements:

Use of Estimates

Fair Value measurement of derivatives and securities not quoted in an active market

The Funds may hold financial instruments that are not quoted in active markets, including derivatives. Fair value of such instruments is determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, a Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Funds consider observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 5 for further information about the fair value measurement of the Fund's financial instruments.

As at June 30, 2016, the investments in the Underlying Funds represented 43.1% (19.6 % Exemplar Performance Fund – Series I, 4.9% Exemplar Tactical Corporate Bond Fund – Series I, 4.2% East Coast Investment Grade Income Fund Units and 14.4% Exemplar U.S. High Yield Fund – Series I) (December 31, 2015: 62.6% (50.8% Exemplar Performance Fund – Series I, 11.8% Exemplar Tactical Corporate Bond Fund – Series I)) of net assets attributable to holders of redeemable units of Exemplar Growth and Income Fund. The fair values of the Underlying Funds are determined primarily by reference to the latest available net asset value per unit of the Underlying Funds' units as reported by the respective administrators of the Underlying Funds. The Fund may make adjustments to the

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

values based on considerations such as; liquidity of the Underlying Funds or their underlying investments, the value date of the net asset values provided, any restrictions on redemptions and the basis of accounting. Redemptions can only be made on the redemption dates and subject to the required notice periods specified in the respective offering documents. As a result, the carrying values of the Underlying Funds may not be indicative of the values ultimately realized on redemption. Series I unitholders of the Underlying Funds have the right to redeem any or all of their Series I shares effective each business day of each month.

Refer to Note 5 for further information about the fair value measurement of the Fund's financial instruments.

Use of Judgments

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

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, *Financial Instruments - Recognition and Measurement* (IAS 39). The most significant judgments made include the determination that certain investments are held-for-trading and that the fair value option can be applied to those which are not.

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. Each Fund meets the definition of investment entity as it obtains funds from one or more investors for the purpose of providing those investors with professional investment management services and commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Each Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

Determination if Underlying Funds Meet the Structured Entity Definition

The Funds have concluded that their investments in the Underlying Funds are investments in unconsolidated structured entities. This represents a significant judgment by the Funds that is based generally on the fact that the decision making about the Underlying Funds investing activities is not governed by voting rights held by the Funds and other investors.

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

In the normal course of business, each Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). Please refer to Discussion of Note 4: Financial Instruments – Risk Management for each Fund's specific risk disclosure.

Credit Risk

The Funds may be exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Where a Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The Funds are also exposed to counterparty credit risk on cash, margin deposits and other receivable balances.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing a Fund's rights to its assets in the case of an insolvency of any such party.

Liquidity Risk

Liquidity risk is the risk that a Fund will encounter difficulty in meeting obligations associated with financial liabilities. Each Fund is exposed to daily cash redemptions and as such, retains sufficient cash to fund anticipated redemptions. Each Fund aims to retain

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

sufficient cash to maintain adequate liquidity including coverage of obligations related to short sales (if applicable) and all current liabilities. In addition, each Fund generally invests in securities that are highly liquid and where there is an observable market price that is quoted by multiple dealers.

Market Risk

The Funds' investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

a) Currency Risk

The Funds invest in financial instruments and enter into transactions that are denominated in currencies other than the Canadian dollar. Consequently, the Funds are exposed to currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Funds may enter into foreign exchange currency contracts to reduce their foreign currency exposure.

b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A Fund may hold securities with fixed interest rates that expose that Fund to fair value interest rate risk.

c) Price Risk

The Funds are exposed to price risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Funds' investments are subject to the risk of changes in the prices of equity securities, bonds and derivatives.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

Capital Risk Management

Units issued and outstanding are considered to be the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit of a Fund for all or any of the units of such unitholder by giving written notice to the Manager. The written notice is irrevocable and must be received no later than 4:00 p.m., EST, on the valuation day upon which the units are to be redeemed (a "Redemption Date"). The redeeming unitholder will receive payment in respect of any units surrendered for redemption on or before the 3rd business day immediately following a Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances.

5. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

Each Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Please refer to Discussion of Note 5: Financial Instruments – Fair Value Measurement for each Fund's specific risk disclosure.

The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a Fund can access at the measurement date,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are unobservable for the asset or liability.

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For the period ended June 30, 2016

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

6. INVESTMENT IN STRUCTURED ENTITIES

Information related to investments in Structured Entities is as follows:

Exemplar Growth and Income Fund – June 30, 2016

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
A&W Revenue Royalties Income Fund	49,125	0.4	0.0
BMO Laddered Preferred Share Index ETF	96,100	0.8	0.0
East Coast Investment Grade Income Fund	491,832	4.2	1.0
Exemplar Performance Fund	2,266,951	19.6	6.6
Exemplar Tactical Corporate Bond Fund	569,049	4.9	1.5
Exemplar US High Yield Fund	1,667,345	14.4	14.2
iShares S&P/TSX Canadian Preferred Share Index	92,550	0.8	0.0
iShares S&P/TSX Capped Energy	19,200	0.2	0.0
iShares TIPS Bond ETF	136,598	1.2	0.0
SPDR Gold Shares	164,590	1.4	0.0

Exemplar Growth and Income Fund – December 31, 2015

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
A&W Revenue Royalties Income Fund	17,280	0.2	0.0
American Hotel Income Properties REIT LP	62,835	0.7	0.0
Exemplar Performance Fund - Class I	4,875,100	50.8	18.1
Exemplar Tactical Corporate Bond Fund - Class I	1,131,199	11.8	3.1
iShares 20+ Year Treasury Bond	270,440	2.8	0.0
Milestone Apartments Real Estate Investment Trust	34,615	0.4	0.0
ProShares UltraShort S&P500	57,925	0.6	0.0
Slate Retail REIT	24,582	0.3	0.0
Smart Real Estate Investment Trust	21,133	0.2	0.0
Technology Select Sector SPDR	35,566	0.4	0.0

Exemplar Investment Grade Fund – June 30, 2016

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
BMO Laddered Preferred Share Index ETF	1,527,990	3.0	0.1

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Exemplar Investment Grade Fund – December 31, 2015

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
BMO Laddered Preferred Share Index ETF	562,860	1.0	0.0

Exemplar Leaders Fund – June 30, 2016

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
Boyd Group Income Fund	764,878	2.2	0.1
Noranda Income Fund	375,291	1.1	0.4

Exemplar Leaders Fund – December 31, 2015

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
American Hotel Income Properties REIT LP	511,200	1.4	0.1
Boyd Group Income Fund	740,320	2.0	0.1
Enbridge Income Fund Holdings Inc.	56,060	0.2	0.0
Innvest Real Estate Investment Trust	202,122	0.5	0.0
Inovalis real Estate Investment Trust	836,741	2.2	0.6
Noranda Income Fund	372,101	1.0	0.4
NorthWest Healthcare Properties REIT	193,174	0.5	0.0
Pure Multi-Family REIT LP	293,662	0.8	0.1
Slate Retail REIT	105,558	0.3	0.1

Exemplar Performance Fund – June 30, 2016

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
BMO S&P/TSX Equal Weight Banks Index ETF	33,915	0.1	0.0
Boyd Group Income Fund	905,972	2.6	0.1
iShares 20+ Year Treasury Bond	18,069	0.1	0.0
iShare Russell 2000 ETF	5,983	0.0	0.0
iShares S&P/TSX Capped Energy	321,600	0.9	0.0
iShares S&P/TSX Capped REIT Index ETF	57,732	0.2	0.0
iShares S&P/TSX Global Gold Index ETF	201,472	0.6	0.0
PowerShares DB Agriculture Fund	43,066	0.1	0.0

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

Exemplar Performance Fund – December 31, 2015

Fund	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
Boyd Group Income Fund	687,440	2.5	0.1
A&W Revenue Royalties Income Fund	311,040	1.2	0.1
Enbridge Income Fund Holdings Inc.	53,257	0.2	0.0
iShares S&P/TSX Capped Financials Index ETF	8,874	0.0	0.0
SPDR S&P Homebuilders ETF	52,036	0.2	0.0

7. REDEEMABLE UNITS

The number of units issued and redeemed at the Net Asset Value is summarized as follows:

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

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

Exemplar Growth and Income Fund - for the period ended June 30, 2015

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	-	26,303	97	-	26,400
Series AN	-	22,673	-	(246)	22,427
Series F	-	67,987	490	-	68,477
Series FN	-	99,171	-	-	99,171
Series L	-	6,343	11	-	6,354
Series LN	-	1,000	-	-	1,000

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

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

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

Exemplar Investment Grade Fund - for the period ended June 30, 2015

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	1,380,046	429,566	15,807	(325,050)	1,500,369
Series AI	196,748	82,995	2,242	(45,378)	236,607
Series AN	-	149,711	-	-	149,711
Series F	2,021,822	2,887,651	29,172	(431,910)	4,506,735
Series FI	214,531	65,996	2,925	(50,672)	232,780
Series FN	14,000	74,981	-	-	88,981

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

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

Exemplar Leaders Fund - for the period ended June 30, 2015

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	694,810	34,299	-	(31,508)	697,601
Series F	195,600	16,105	-	(4,683)	207,022

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

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

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

Exemplar Performance Fund - for the period ended June 30, 2015

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	216,367	214,086	-	(55,749)	374,704
Series AD	-	5,721	11	-	5,732
Series F	453,629	224,141	-	(28,874)	648,896
Series FD	-	6,893	22	-	6,915
Series I	-	133,219	-	-	133,219
Series L	20,124	40,243	-	(13)	60,354
Series LD	-	5,084	25	-	5,109

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

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

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Exemplar Tactical Corporate Bond Fund - for the period ended June 30, 2015

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	353,365	225,240	6,134	(113,976)	470,763
Series AI	27,429	7,541	1,243	(5,351)	30,862
Series AN	535,963	124,126	-	(30,967)	629,122
Series F	1,000,466	440,931	17,205	(284,379)	1,174,223
Series FI	178,174	38,251	6,655	(83,908)	139,172
Series FN	110,483	352,970	-	(5,795)	457,658
Series I	-	45,034	55	-	45,089
Series L	39,212	56,302	1,522	-	97,036
Series LI	-	1,000	-	-	1,000

Exemplar U.S. High Yield Fund - for the period ended June 30, 2016

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Units	2,409,972	-	-	(2,409,972)	-
Class A Units	1	-	-	(1)	-
Series A	-	1,352,942	10,558	(606,650)	756,850
Series AI	-	500	9	-	509
Series AN	-	500	-	-	500
Series F	-	500	6	-	506
Series FI	-	500	9	-	509
Series FN	-	115,167	-	-	115,167
Series I	-	163,758	-	-	163,758
Series L	-	500	6	-	506
Series LI	-	500	9	-	509

Exemplar U.S. High Yield Fund - for the period ended June 30, 2015

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Units	4,355,064	-	-	(1,945,092)	2,409,972
Class A Units	1	-	-	-	1

8. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the Exemplar U.S. High Yield Fund enters into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position, but still allow for the related amounts to set off in certain circumstances, such as bankruptcy or termination of the contracts. The following tables show financial instruments that may be eligible for offset, if such conditions were to arise at the period end. The "Net Amount" column displays what the net impact would be on Exemplar U.S. High Yield Fund's Statement of Financial Position if all amounts were set off.

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For the period ended June 30, 2016

December 31, 2015	Gross amounts \$	Financial instruments eligible for offset \$	Net amounts presented in the Statement of Financial Position \$	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments \$	Cash collateral \$	Net amount \$
Financial assets:						
Counterparty 1	15,376,052	-	15,376,052	(633,065)		14,742,987
Financial liabilities:						
Counterparty 1	(633,065)	-	(633,065)	633,065	-	-

9. RELATED PARTY TRANSACTIONS

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

The Arrow Diversified Fund invests in Series FN Units of the Exemplar Growth and Income Fund. The number of units owned by the Arrow Diversified Fund is summarized as follows:

Fund	Number of units	Fair Value \$	% of net assets attributable to holders of redeemable units
June 30, 2016	105,813	1,129,629	9.7
December 31, 2015	105,813	1,081,123	11.3

The Exemplar Growth and Income Fund invest in units of Exemplar Performance Fund, Exemplar Tactical Corporate Bond Fund, Exemplar U.S. High Yield Fund and East Coast Investment Grade Income Fund. The number of units owned by Exemplar Growth and Income Fund is summarized as follows:

Fund	Number of units	Fair Value \$	% of net assets attributable to holders of redeemable units
June 30, 2016			
Exemplar Performance Fund – Series I	221,197	2,266,951	19.6
Exemplar Tactical Corporate Bond Fund – Series I	56,045	569,049	4.9
Exemplar U.S. High Yield Fund - Series I	163,758	1,667,345	14.4
East Coast Investment Grade Income Fund	55,200	491,832	4.2
December 31, 2015			
Exemplar Performance Fund – Series I	474,210	4,875,100	50.8
Exemplar Tactical Corporate Bond Fund – Series I	115,268	1,131,199	11.8

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As of June 30, 2016, the number of units owned by the Manager of each Fund is summarized as follows:

Fund	Number of units	Fair Value \$	% of net assets attributable to holders of redeemable units
Exemplar Growth and Income Fund – F	72,909	778,354	6.7
Exemplar Growth and Income Fund – FN	48,340	493,728	4.3
Exemplar Investment Grade Fund – Series I	491	5,014	0.0
Exemplar Performance Fund – Series F	1,692	19,746	0.1
Exemplar Tactical Corporate Bond Fund – Series LI	527	4,876	0.0

As of December 31, 2015, the number of units owned by the Manager of each Fund is summarized as follows:

Fund	Number of units	Amount \$	% of net assets attributable to holders of redeemable units
Exemplar Growth and Income Fund – A	511	5,137	0.1
Exemplar Growth and Income Fund – F	67,100	668,131	7.0
Exemplar Growth and Income Fund – FN	87,029	892,422	9.3
Exemplar Growth and Income Fund – LN	1,004	10,149	0.1
Exemplar Investment Grade Fund – Series A	521	4,877	0.0
Exemplar Performance Fund – Series AD	1,015	9,918	0.0
Exemplar Performance Fund – Series F	1,692	19,929	0.1
Exemplar Performance Fund – Series LD	1,015	10,125	0.0
Exemplar Tactical Corporate Bond Fund – Series AI	551	4,898	0.0
Exemplar Tactical Corporate Bond Fund – Series LI	1,031	9,658	0.0

Management and Performance Fees

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

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

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

In addition, Exemplar Leaders Fund and Exemplar Performance Fund pay the Manager an annual performance fee (the "Performance Fee"), equal to 20% of the amount by which the Funds outperform their respective indices. The Performance Fee is calculated and

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accrued daily and paid annually on a calendar year basis and is subject to HST (and any other applicable taxes). If the performance of a series of a Fund in any year is less than the performance of the indices described below (the "Return Deficiency"), then no Performance Fee will be payable in any subsequent year until the performance of the applicable series, on a cumulative basis calculated from the first of such subsequent years, has exceeded the amount of the Return Deficiency.

Exemplar Leaders Fund

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

Exemplar Performance Fund

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

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

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

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

	June 30, 2016		December 31, 2015	
	Management Fees	Performance Fees	Management Fees	Performance Fees
	\$	\$	\$	\$
Exemplar Growth and Income Fund	12,939	n/a	10,972	n/a
Exemplar Investment Grade Fund	40,683	n/a	45,955	n/a
Exemplar Leaders Fund	45,158	-	10,703	-
Exemplar Performance Fund	39,996	-	3,841	-
Exemplar Tactical Corporate Bond Fund	39,681	n/a	41,007	n/a
Exemplar U.S. High Yield Fund	13,767	n/a	14,151	n/a

Brokerage Commissions

Total commissions paid to dealers for the periods ended June 30, 2016 and 2015 in connection with portfolio transactions are as follows:

	June 30, 2016	June 30, 2015
	\$	\$
Exemplar Growth and Income Fund	41,188	1,809
Exemplar Investment Grade Fund	22,392	5,275
Exemplar Leaders Fund	12,548	14,314
Exemplar Performance Fund	10,282	3,273
Exemplar Tactical Corporate Bond Fund	8,374	2,422
Exemplar U.S. High Yield Fund	3,332	1,552

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Soft Dollar Commissions

Total commissions used to purchase market data services by the Funds for the periods ended June 30, 2016 and 2015 are as follows:

	June 30, 2016	June 30, 2015
	\$	\$
Exemplar Growth and Income Fund	-	-
Exemplar Investment Grade Fund	-	-
Exemplar Leaders Fund	5,122	3,987
Exemplar Performance Fund	4,962	1,442
Exemplar Tactical Corporate Bond Fund	-	-
Exemplar U.S. High Yield Fund	-	-

10. TAXATION

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

	Non-Capital Loss*	Capital Loss**
	\$	\$
Exemplar Growth and Income Fund	-	-
Exemplar Investment Grade Fund	23,569	464,683
Exemplar Leaders Fund	-	-
Exemplar Performance Fund	130,577	226,731
Exemplar Tactical Corporate Bond Fund	131,368	-
Exemplar U.S. High Yield Fund	5,421,156	-

* Non-capital losses can be offset against income in future years for up to 20 years.

** Net Capital losses can be carried forward indefinitely for offset against gains in future periods.

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

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2016 and 2015 is calculated as follows:

June 30, 2016	Increase (decrease) in net assets attributable to holders of redeemable units	Weighted average redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit (\$)
	\$		\$
Exemplar Growth and Income Fund – Series A	132,981	372,872	0.36
Exemplar Growth and Income Fund – Series AN	33,261	66,141	0.50
Exemplar Growth and Income Fund – Series F	66,235	141,758	0.47
Exemplar Growth and Income Fund – Series FN	156,951	351,757	0.45
Exemplar Growth and Income Fund – Series I	39,038	84,637	0.46
Exemplar Growth and Income Fund – Series L	6,802	15,586	0.44
Exemplar Growth and Income Fund – Series LN	3,569	8,337	0.43
Exemplar Investment Grade Fund – Series A	341,217	1,469,766	0.23
Exemplar Investment Grade Fund – Series AI	46,897	200,079	0.23
Exemplar Investment Grade Fund – Series AN	62,175	229,752	0.27
Exemplar Investment Grade Fund – Series F	679,787	3,015,871	0.23

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

June 30, 2016	Increase (decrease) in net assets attributable to holders of redeemable units \$	Weighted average redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit (\$) \$
Exemplar Investment Grade Fund – Series FI	48,994	252,567	0.19
Exemplar Investment Grade Fund – Series FN	46,541	166,829	0.28
Exemplar Investment Grade Fund – Series I	10,413	36,754	0.28
Exemplar Investment Grade Fund – Series G	(1,606)	4,714	(0.34)
Exemplar Leaders Fund – Series A	(52,244)	702,383	(0.07)
Exemplar Leaders Fund – Series F	72,071	225,365	0.32
Exemplar Performance Fund – Series A	(67,390)	863,306	(0.08)
Exemplar Performance Fund – Series AD	(5,633)	27,960	(0.20)
Exemplar Performance Fund – Series F	(52,268)	1,100,462	(0.05)
Exemplar Performance Fund – Series FD	(2,697)	35,089	(0.08)
Exemplar Performance Fund – Series I	(63,149)	326,344	(0.19)
Exemplar Performance Fund – Series L	(29,790)	385,908	(0.08)
Exemplar Performance Fund – Series LD	(1,742)	10,029	(0.17)
Exemplar Tactical Corporate Bond Fund – Series A	107,349	473,505	0.23
Exemplar Tactical Corporate Bond Fund – Series AI	6,185	29,612	0.21
Exemplar Tactical Corporate Bond Fund – Series AN	231,798	985,024	0.24
Exemplar Tactical Corporate Bond Fund – Series F	413,141	1,453,793	0.28
Exemplar Tactical Corporate Bond Fund – Series FI	35,150	134,813	0.26
Exemplar Tactical Corporate Bond Fund – Series FN	144,154	577,930	0.25
Exemplar Tactical Corporate Bond Fund – Series I	47,850	120,906	0.40
Exemplar Tactical Corporate Bond Fund – Series L	12,679	88,537	0.14
Exemplar Tactical Corporate Bond Fund – Series LI	218	1,041	0.21
Exemplar Tactical Corporate Bond Fund – Series U	(1,676)	2,940	(0.57)
Exemplar Tactical Corporate Bond Fund – Series M	(708)	1,250	(0.57)
Exemplar U.S. High Yield Fund - Units	(367,001)	2,409,972	(0.15)
Exemplar U.S. High Yield Fund - Series A	201,514	966,391	0.21
Exemplar U.S. High Yield Fund - Series AI	82	504	0.16
Exemplar U.S. High Yield Fund - Series AN	82	500	0.16
Exemplar U.S. High Yield Fund - Series F	93	503	0.18
Exemplar U.S. High Yield Fund - Series FI	92	504	0.18
Exemplar U.S. High Yield Fund - Series FN	9,043	51,725	0.17
Exemplar U.S. High Yield Fund - Series I	22,346	112,589	0.20
Exemplar U.S. High Yield Fund - Series L	78	503	0.16
Exemplar U.S. High Yield Fund - Series LI	78	504	0.15

June 30, 2015	Increase (decrease) in net assets attributable to holders of redeemable units \$	Weighted average redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit \$
Exemplar Growth & Income Fund - Series A	1,268	10,601	0.12
Exemplar Growth & Income Fund - Series AN	478	8,925	0.05
Exemplar Growth & Income Fund - Series F	19,207	65,917	0.29
Exemplar Growth & Income Fund - Series FN	(2,528)	35,543	(0.07)
Exemplar Growth & Income Fund - Series L	157	3,820	0.04
Exemplar Growth & Income Fund - Series LN	166	1,000	0.17
Exemplar Investment Grade Fund – Series A	70,638	1,438,075	0.05

EXEMPLAR FUNDS

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

For the period ended June 30, 2016

June 30, 2015	Increase (decrease) in net assets attributable to holders of redeemable units	Weighted average redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit
	\$		\$
Exemplar Investment Grade Fund – Series AI	9,599	211,052	0.05
Exemplar Investment Grade Fund – Series AN	(3,716)	58,457	(0.06)
Exemplar Investment Grade Fund – Series F	267,582	3,679,875	0.07
Exemplar Investment Grade Fund – Series FI	16,339	216,675	0.08
Exemplar Investment Grade Fund – Series FN	(910)	28,378	(0.03)
Exemplar Leaders Fund – Series A	1,857,367	697,197	2.66
Exemplar Leaders Fund – Series F	582,922	200,538	2.91
Exemplar Performance Fund – Series A	181,992	280,635	0.65
Exemplar Performance Fund – Series AD	48	3,416	0.01
Exemplar Performance Fund – Series F	408,156	547,721	0.75
Exemplar Performance Fund – Series FD	687	4,289	0.16
Exemplar Performance Fund – Series I	7,117	71,862	0.10
Exemplar Performance Fund – Series L	8,034	24,470	0.33
Exemplar Performance Fund – Series LD	100	1,769	0.06
Exemplar Tactical Corporate Bond Fund – Series A	55,173	316,653	0.17
Exemplar Tactical Corporate Bond Fund – Series AI	5,957	34,702	0.17
Exemplar Tactical Corporate Bond Fund – Series AN	96,659	571,052	0.17
Exemplar Tactical Corporate Bond Fund – Series F	192,300	879,619	0.22
Exemplar Tactical Corporate Bond Fund – Series FI	43,162	192,610	0.22
Exemplar Tactical Corporate Bond Fund – Series FN	37,053	233,819	0.16
Exemplar Tactical Corporate Bond Fund – Series I	1,117	24,227	0.05
Exemplar Tactical Corporate Bond Fund – Series L	8,698	70,839	0.12
Exemplar Tactical Corporate Bond Fund – Series LI	(14)	1,000	(0.01)
Exemplar U.S. High Yield Fund - Class A Units	0	1	0.00
Exemplar U.S. High Yield Fund - Units	2,117,461	4,204,615	0.50

12. FUTURE ACCOUNTING CHANGES

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued by the International Accounting Standards Board (“IASB”) in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Funds are in the process of assessing the impact of IFRS 9 and have not yet determined when they will adopt the new standard.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

August 29, 2016

TO THE UNITHOLDERS AND TRUSTEE OF EXEMPLAR GROWTH AND INCOME FUND, EXEMPLAR INVESTMENT GRADE FUND, EXEMPLAR LEADERS FUND, EXEMPLAR PERFORMANCE FUND, EXEMPLAR TACTICAL CORPORATE BOND FUND, AND EXEMPLAR U.S. HIGH YIELD FUND (COLLECTIVELY THE "FUNDS")

The accompanying unaudited financial statements have been prepared by Arrow Capital Management Inc. ("Arrow" or the "Manager" of the Funds), and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 to the financial statements.

"James L. McGovern"

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

"Robert W. Maxwell"

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

NOTICE TO UNITHOLDERS

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

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

FUND INFORMATION

MANAGER AND PRINCIPAL DISTRIBUTOR

Arrow Capital Management Inc.
36 Toronto Street
Suite 750
Toronto, ON M5C 2C5
Telephone: (416) 323-0477
Fax: (416) 323-3199
Toll Free: 1 (877) 327-6048

REGISTRAR

RBC Investor Services
155 Wellington Street West, 5th Floor
Toronto, ON M5V 3L3

CUSTODIAN

CIBC Mellon
320 Bay Street
Toronto, ON M5H 4A6

AUDITOR

PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, ON M5J 0B2

