

**REPORT TO SECURITYHOLDERS
FOR THE 12-MONTH PERIOD ENDING DECEMBER 31, 2017**

We are pleased to publish the Independent Review Committee's ("IRC") Annual Report to Securityholders relating to the year ended December 31, 2017, of mutual funds managed by Arrow Capital Management Inc. ("Arrow"), listed in Appendix A.

The role of the IRC is to review and to provide its approval or recommendation in respect of conflicts of interest that arise between Arrow's own interests and Arrow's duty to manage the Funds in the best interests of the Funds. Arrow is responsible for referring to the IRC any matters in which a reasonable person could view Arrow as having an interest that may conflict with its ability to act in the best interests of the Funds.

The IRC reviews each matter and provides its approval or recommendation as to whether the proposed course of action will achieve a fair and reasonable result for the Funds. The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions.

During the year, the IRC met on a regular basis, had regular discussions with management, and received appropriate representations regarding conflict matters from the CFO and CCO of Arrow.

The IRC

The IRC Members:

- Ross MacKinnon (Chair)
- Ronald Riley
- John Anderson

Ross MacKinnon and Ronald Riley were reappointed for a 3-year period effective May 15, 2015. John Anderson was reappointed for a 3-year period effective October 22, 2016. Ross MacKinnon and John Anderson also serve on the IRC of Stone Management Limited. Additionally, John Anderson serves on the IRC of Marquest Asset Management.

Holding of Securities

As of December 31, 2016 the members of the IRC collectively beneficially owned, directly or indirectly, less than 10% of the securities of any of the Funds. As of December 31, 2017, no member of the IRC beneficially owned, directly or indirectly, any securities of Arrow or a company that provides services to the Funds.

IRC APPROVALS AND RECOMMENDATIONS

During the period, the Manager sought review and followed the recommendations of the IRC with respect to the Manager's proposal for the following matter:

- Raven Rock Strategic Income Fund restructuring and conversion of the RRF Trust to an open-end mutual fund.

In this instance, the IRC determined that the conflicts were addressed and achieved fair and reasonable results for the funds involved.

The IRC has received Standing Instructions from Arrow. The IRC is not aware of any instance in which the Manager acted in a conflict of interest with matters referred to the IRC for which the IRC did not give a positive recommendation or did not meet a condition imposed by the IRC in its recommendation.

ANNUAL ASSESSMENTS

The IRC conducted a self assessment review during the financial year. As a result of the self-assessment review, the IRC prepared a report to Arrow which set out the results of the IRC’s self assessment review.

In accordance with the IRC’s written charter, the IRC conducted an annual review of the following:

- the adequacy and effectiveness of Arrow’s written policies and procedures concerning conflicts of interest;
- the adequacy and effectiveness of the Standing Instructions provided to Arrow; and
- Compliance with any conditions imposed by the IRC in a recommendation or approval provided.

IRC COMPENSATION

The IRC reviewed its compensation giving consideration to the best interests of the Funds; the general and specific benefits accruing to the Fund and the number, nature and complexity of the Funds for which the IRC acts. The compensation paid to the IRC members, for the period January 1, 2017 to December 31, 2017, excluding HST was as follows:

Ross MacKinnon	\$18,000
John Anderson	\$14,000
<u>Ronald Riley</u>	<u>\$14,000</u>
Total	\$46,000

The IRC compensation was allocated between the Funds in accordance with Arrow’s expense allocation policy, which has been reviewed by the IRC. No indemnities were paid to the IRC Members by the Funds or Arrow during the financial year.

This report is available on Arrow’s website at <http://www.arrow-capital.com> or www.sedar.com. You may request a copy, at no cost to you, by contacting the Manager at 877.327.6048.

“Ross MacKinnon”

Date: February 26, 2018

By: Ross MacKinnon, Chair of the Independent Review Committee

APPENDIX A

List of Funds Covered By This Report

1. East Coast Investment Grade Income Fund
2. Exemplar Leaders Fund
3. Exemplar Performance Fund
4. Exemplar Investment Grade Fund
5. Exemplar Tactical Corporate Bond Fund
6. Exemplar Growth and Income Fund
7. Exemplar Canadian Focus Portfolio
8. Exemplar Diversified Portfolio