ARROW ALTERNATIVE MUTUAL FUND

Simplified Prospectus

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS (formerly Exemplar Diversified Portfolio) (Series A, F, I, L and R Shares)

June 18, 2019

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

TABLE OF CONTENTS

PART A

INTRODUCTION

The manager of the Fund is Arrow Capital Management Inc., and is referred to in this document as "**Arrow**", "**us**", "**our**" or "**we**".

Exemplar Portfolios Ltd (the "**Company**") is a mutual fund corporation established under the laws of the Province of Ontario. The authorized capital of the Company consists of 1,000 separate classes of non-voting redeemable mutual fund shares (the "**Shares**"), issuable in series, in addition to a class of voting common shares held in trust by certain employees of Arrow for the non-voting Shareholders. This prospectus qualifies the issuance of Shares of one class of the Company which is listed on the cover of this prospectus. The other classes are issued in separate prospectuses. Each such class of Shares is referred to as a "Fund" and together they are referred to as the "Funds" in this prospectus. Each of the Funds maintains its own separate group of assets within the Company.

This document contains selected important information to help you make an informed decision and to help you understand your rights as an investor.

This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund.

Additional information about the Fund is available in the following documents:

- the annual information form;
- the most recently filed fund facts;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You may obtain a copy of these documents, at your request, and at no cost, by calling us toll free at 1 (877) 327-6048 or (416) 323-0477, or from your dealer or by email at info@arrow-capital.com. You will also find these documents on the Fund's website www.arrow-capital.com.

These documents and other information about the Fund are also available on the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval, established by the Canadian Securities Administrators) at www.sedar.com.

WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

What is a Mutual Fund?

A mutual fund is an investment vehicle created to permit money contributed by people with similar investment objectives to be pooled. People who contribute money become shareholders of the mutual fund. Mutual fund shareholders share (in proportion to the shares they own) the mutual fund's income, expenses, and the gains and losses the mutual fund makes on its investments. The value of an investment in a mutual fund is realized by redeeming the shares held.

A mutual fund may own different types of investments - stocks, bonds, cash, and derivatives - all depending upon its investment objectives. The fund also may invest in other mutual funds managed by us, called "underlying funds". The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news, with these and other factors affecting funds with varying degrees of impact. For example, mutual funds which invest in equity securities will be greatly impacted by changes in the equity markets generally while a mutual fund investing solely in bonds would not. As a result, the value of a mutual fund may go up and down, and the value of your investment may be more or less when you redeem or sell it than when you purchased it.

We calculate the Fund's share price (often referred to as the "net asset value per share" or "share value") by adding up the Fund's assets (being the value of the cash and securities in its portfolio), subtracting its liabilities and then dividing the resulting sum by the total number of shares of the Fund then outstanding. The share price calculated at the end of each business day is the price at which shares will be issued to purchasing investors as of such day and the price to be paid by the Fund on shares redeemed as of such day.

The specific investment objectives and strategies of the Fund are described in Part B of this document under "What Does the Fund Invest In?"

Mutual Funds are not Guaranteed

Arrow does not guarantee that the full amount of your original investment in the Fund will be returned to you. Unlike bank accounts or GICs, mutual fund shares are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions of shares. See "*Purchases, Switches and Redemptions*" on page 13.

What are the Risks of Investing in a Mutual Fund?

As with most other investments, mutual funds come with a certain amount of risk. Mutual funds own different types of investments, depending on their investment objectives. The value of the investments in a mutual fund changes from day to day because of changes in interest rates, economic conditions and market or company news. As a result, the value of mutual fund securities will vary. When you sell your shares of the Fund, you could get less money than you put in.

When you are making your investment decision, it is very important that you are completely aware of the different investment types, their relative return over time and their volatility. Money market funds generally have low risk. They hold relatively safe short-term investments such as government treasury bills and other high quality money market instruments. Income funds, which typically invest in bonds, have a higher amount of risk because their prices can change when interest rates change. Equity funds generally have the highest risk because they invest mostly in stocks whose prices can rise and fall daily.

The Fund is considered an "alternative mutual fund", as defined in National Instrument 81-102 - *Investment Funds* ("**NI 81-102**"). This permits it to use strategies generally prohibited to conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage.

Everyone has a different tolerance for risk. Some individuals are significantly more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals. Below are some of the most common risks that affect value. The following specific risks apply to the Fund:

Borrowing Risk – Borrowing of cash or securities within the fund could magnify the impact of any movements in the prices of the underlying investments of the fund and therefore the value of your investment. Consequently, these investments may produce more volatile gains or losses compared to investing in the same investments without making use of borrowings.

Change in Legislation Risk –There can be no assurance that tax, securities and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the Fund or shareholders.

Collateral Risk – The Fund may enter into derivatives arrangements that require them to deliver collateral to the derivative counterparty or clearing corporation. As such, the fund may be exposed to certain risks in respect of that collateral including, the fund:

- will be required to post initial margin/collateral to the derivative counterparty or clearing corporation in the form of cash. The fund will be required to have sufficient liquid assets to satisfy this obligation;

- may from time to time, if the value of the derivative arrangements moves against it, be required to post variation margin/collateral with the derivatives counterparty or clearing corporation on an ongoing basis. The fund will be required to have sufficient liquid assets to satisfy such calls, and, in the event it fails to do so, the counterparty may have a right to terminate such derivatives arrangements; and,

- may be subject to the credit risk of the derivatives counterparty. In the event the counterparty becomes insolvent at a time it holds margin/collateral posted with it by the fund, the fund will be an unsecured creditor and will rank behind preferred creditors.

Commodity Risk – The Fund's exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments

Concentration Risk – The Fund may hold significant investments in a few companies or issuers, rather than investing the fund's assets across a large number of companies or issuers. In some cases, more than 10% of the net assets of the fund may be invested in securities of a single issuer as a result of appreciation in value of such investment and/or the liquidation or decline in value of other investments. The investment portfolio of the fund may be less diversified, and therefore may be potentially subject to larger changes in value than mutual funds which hold more broadly diversified investment portfolios.

Counterparty Default Risk - This is the risk that entities upon which the fund's investments depend may default on their obligations, for instance by failing to make a payment when due. Such parties can include brokers (including clearing brokers), foreign exchange counterparties, derivative counterparties and deposit taking banks. Default on the part of an issuer or counterparty could result in a financial loss to the fund. The manager will manage these risks as far as is practicable by dealing with counterparties as permitted by Canadian securities authorities, by ensuring enforceable legal agreements are in place and by monitoring these counterparties.

Credit Risk – The value of fixed income securities and derivatives on fixed income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers who have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating.

Currency Risk – The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar relative to the value of the currency in which the security is denominated. This risk applies to the Fund since it may invest in foreign denominated securities.

Derivatives Risk – A derivative is a contract between two parties, the value of which is based on the performance of other investments, such as equities, bonds, currencies or a market index. Derivatives may be traded in the over-the-counter market or on a stock exchange or they may be cleared through a clearing corporation. A derivative is commonly a future, a forward contract, an option or a swap, but there are other types of derivative instruments as well. Futures or forward contracts are agreements to buy or sell a security, commodity or currency for a certain price on a certain future date. Options give the buyer the right to buy or sell a security, commodity or currency for a certain price on a certain future date. Swaps are a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. Derivatives may be used to limit, or hedge against, losses that may occur because of the Fund's investment in a security or exposure to a currency or market. This is called hedging. Derivatives may also be used to obtain exposure to financial markets, reduce transaction costs, create liquidity or increase the speed of portfolio transactions. These investments are made for non-hedging purposes.

- There is no assurance that liquid markets will exist for the Fund to close out its derivative positions. Derivative instruments in foreign markets may be less liquid and more risky than comparable instruments traded in North American markets.

- Exchange-imposed trading limits could affect the ability of the Fund to close out its positions in derivatives. These events could prevent the Fund from making a profit or limiting its losses.

- Prices of options and futures on a stock index may be distorted if trading of certain stocks in the index is interrupted or trading of a large number of stocks in the index is halted. Such price distortions could make it difficult to close out a position.

- The Fund may use derivatives so it may be subject to credit risk associated with the ability of counterparties to meet their obligations. In addition, the Fund could lose its margin deposits if a dealer or clearing corporation with whom the Fund has an open derivatives position goes bankrupt.

- There is no assurance that the Fund's hedging strategies will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the investment being hedged. Any historical correlation may not continue for the period during which the hedge is in place.

- Using futures and forward contracts to hedge against changes in currencies, stock markets or interest rates cannot eliminate fluctuations in the prices of securities in the portfolio or prevent losses if the prices of these securities decline.

- Hedging may also limit the opportunity for gains if the value of the hedged currency or stock market rises or if the hedged interest rate falls. The inability to close out options, futures, forwards and other derivative positions could prevent the Fund from using derivatives to effectively hedge its portfolio or implement its strategy.

Equity Risk –Investments in equities - also called stocks or shares - and derivatives on equities are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the value of the Fund if it owns these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. Equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the overall stock market because of changes in the outlook for those individual companies or the particular industry.

Failure of Futures Commission Merchant Risk – Under United States Commodity Futures Trading Commission Regulations, futures commission merchants ("FCMs") are required to maintain customer assets in a segregated account. If the Fund's FCM fails to do so, the Fund may be subject to a risk of loss of funds on deposit with the FCM in the event of its bankruptcy. In addition, even if funds are properly segregated, under certain circumstances there is a risk that assets deposited by the Manager on behalf of the Fund as margin with an FCM may be used to satisfy losses of other clients of the FCM which cannot be satisfied by such other clients or by the FCM. In the case of any such bankruptcy or client loss, the Fund might recover, even in respect of property specifically traceable to the Fund, only on a *pro rata* share of all property available for distribution to all of the FCM's customers

Foreign Investment Risk – The value of foreign securities will be affected by factors affecting other similar securities and could be affected by additional factors such as the absence of timely information, less stringent auditing standards and less liquid markets. As well, different financial, political and social factors may involve risks not typically associated with investing in Canada.

Forward and Over-the-Counter ("OTC") Option Contract Risk – The Fund may engage in trading forward and OTC option contracts in currencies. Such forward and OTC options contracts are not traded on exchanges; rather, banks and dealers typically act as principals in these markets, called generally the interbank or forex market. Trading in the interbank market presents certain risks not present in futures trading because no governmental agency regulates trading in forward and OTC option contracts. Consequently, in the case of forward contracts, there is no limitation on daily price movements and no margin need be posted, although the Fund's FCM may require good faith deposits to be made in lieu of margin. Because performance of forward and OTC options contracts on currencies is not guaranteed by any exchange or clearinghouse, the customer is subject to counterparty risk: the risk that the principals or agents with or through which the FCM trades will be unable or will refuse to perform with respect to such contracts. Furthermore, principals in the forward markets have no obligation to continue to make markets in the forward contracts traded

Interest Rate Risk – The value of fixed income securities and derivatives on fixed income securities will generally rise if interest rates fall and, conversely, will generally fall if interest rates rise. Changes in interest rates may also affect the value of equity securities; however, this risk applies primarily to fixed income securities.

Large Redemption Risk –The Fund may have particular investors who own a large proportion of the net asset value of the Fund. For example, other institutions such as banks and insurance companies or other fund companies may purchase securities of the Fund for their own mutual funds, segregated funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of the Fund. If one of those investors redeems a large amount of their investment in the Fund, the Fund may have to sell its portfolio investments at unfavourable prices to meet the redemption request. This can result in significant price fluctuations to the net asset value of the Fund, and may potentially reduce the returns of the Fund.

Leverage Risk - When the fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities or other portfolio assets, leverage may be introduced into the fund. Leverage occurs when the fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that magnifies gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the fund's liquidity and may cause the fund to liquidate positions at unfavorable times.

Liquidity Risk – Liquidity risk is the possibility that the fund won't be able to convert its investments to cash when it needs to. The value of securities which are not regularly traded (less liquid) will generally be subject to greater fluctuation. Most futures exchanges limit fluctuations in certain contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Pursuant to such regulations, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract has increased or decreased by an amount equal to the daily limit, positions in the contract can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Prices of various contracts have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating its unfavorable positions and subject it to substantial losses. While daily limits may reduce or effectively eliminate the liquidity of a particular market, they do not limit ultimate losses, and may in fact substantially increase losses because it may prevent the liquidation of unfavorable positions. There is no limitation on daily price moves in trading forward contracts. In addition, the Fund may not be able to execute trades at favorable prices if little trading in the contracts involved is taking place. Under certain circumstances, the Fund may be required to accept or make delivery of the underlying commodity if the position cannot be liquidated prior to its expiration date. It also is possible that an exchange might suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Similarly, trading in options on a particular futures contract may become restricted if trading in the underlying futures contract has become restricted

Margin Risk – Each long or short derivatives position initiated by the Fund requires a margin deposit. The cash in the Fund will be applied to the margin requirements established by the futures commission merchant (which must be at least equal to the margin levels established by the applicable exchange) carrying the Fund’s account. A margin deposit is similar to a cash performance bond that helps assure a trader’s performance of the futures contract. If the market value of a futures position moves to such a degree that the initial margin deposit is not sufficient to satisfy minimum maintenance requirements, the futures commission merchant will make a “margin call” for additional margin money. The margin call must be satisfied within a reasonable period of time. If the Fund does not make payment of the margin call within a reasonable time, the futures commission merchant may liquidate the open position(s). In periods of high volatility, the exchanges may increase minimum margin levels. Also, the futures commission merchant may elect to increase the amount of margin they require to carry futures positions for their customers even though the applicable exchange did not increase the minimum margin levels

Market Risk – The risks associated with investing in the fund depend on the securities held in the fund. These securities will rise and fall based on company-specific developments and general stock market conditions. Market value will also vary with changes in the general economic and financial conditions in the countries where the investments are based.

Operational Risk - The fund’s day to day operations may be adversely affected by circumstances beyond the reasonable control of Arrow, such as failure of technology or infrastructure, or natural disasters.

Securities Lending Risk – The Fund may engage in securities lending transactions. In a securities lending transaction, the Fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the Fund at a later date an equal number of the same securities and to pay a fee to the Fund for borrowing the securities.

Over time, the value of the securities loaned in a securities lending transaction might exceed the value of the collateral held by the Fund. If the third party defaults on its obligation to return the securities to the Fund, the collateral may be insufficient to enable the Fund to purchase replacement securities and the Fund may suffer a loss for the difference.

Those risks are reduced by requiring the other party to provide collateral to the Fund. The value of the collateral must be at least 102% of the market value of the securities loaned. Securities lending transactions, together with repurchase transactions are limited to 50% of the Fund’s assets, excluding collateral or sales proceeds received in a securities lending transaction and cash held by the Fund for securities sold in a repurchase transaction.

In engaging in securities lending, the Fund will bear the risk of loss of any collateral it holds, as well as the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

If securities are on loan on the record date established for a particular voting matter the lender is generally not entitled to exercise the voting right of such loaned securities.

Share Class Risk – The Fund has its own assets and liabilities, which are used to calculate its value. Legally, the assets of the Fund are considered the property of Exemplar Portfolios Ltd. and the liabilities of the Fund are considered obligations of Exemplar Portfolios Ltd. That means if any other class of Exemplar Portfolios Ltd. cannot meet its obligations, the assets of the Fund may be used to pay for those obligations. A mutual fund corporation, like a mutual fund trust, is permitted to flow through certain income to investors but in the form of dividends rather than distributions. These are capital gains and dividends from taxable Canadian corporations. However, unlike a mutual fund trust, a mutual fund corporation cannot flow through other income including interest, trust income, foreign source dividends and certain income from derivatives. If this type of income, calculated for Exemplar Portfolios Ltd. as a whole, is greater than the expenses of Exemplar Portfolios Ltd. and other tax deductible amounts, then Exemplar Portfolios Ltd. will be liable to pay income tax. While income tax is calculated for Exemplar Portfolios Ltd. as a whole, any amount payable will be allocated among the Funds making up Exemplar Portfolios Ltd.

Short Selling Risk – Short selling is the act of borrowing a security to sell high today with the expectation of buying it back at a lower price in the future and then returning the security to the lender. An investor pays a security lender a small fee to borrow the security (usually arranged by a brokerage firm). Risks associated with short selling include the potential that the securities will rise in value or not decline enough to cover the Fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. When engaging in short selling, the Fund adheres to controls and limits that are intended to offset these risks by selling short only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The Fund also deposits collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits. The Fund may also be exposed to short selling risk because the underlying funds in which it invests or to which assets of the Fund obtains exposure may be engaged in short selling.

Tax Risk – Please see the section "*Income Tax Considerations for Investors"* for information on tax risk.

Underlying Fund Risk – The Fund may pursue its investment objectives indirectly by investing in securities of other funds, including index participation units (e.g., ETFs) or the three-tier structure described below, in order to gain access to the strategies pursued by those underlying funds. There can be no assurance that any use of such multi-layered fund of fund structures will result in any gains for the Fund. If an underlying fund that is not traded on an exchange suspends redemptions, the Fund will be unable to value part of its portfolio and may be unable to redeem shares. In addition, the sub-advisor could allocate the Fund's assets in a manner that results in the Fund underperforming its peers.

About the Fund

Overview of the legal structure of the Fund

The Fund is set up differently than traditional mutual funds. When you invest in most traditional mutual funds, such as our trust funds, you buy units of a mutual fund trust. The Fund instead is one class of shares of Exemplar Portfolios Ltd., which means you buy shares of the corporation. There are two other classes of shares of Exemplar Portfolios Ltd. which are issued under separate prospectuses.

Both mutual fund trusts and mutual fund corporations allow you to pool your money with other investors, but there are differences between the two types of mutual funds:

- A mutual fund trust has its own investment objectives.
- A mutual fund corporation may have more than one class of shares. Each class has its own investment objectives.
- Mutual fund trusts are separate taxpayers.

- Mutual fund corporations are taxed as a single entity. A multi-class mutual fund corporation, such as Exemplar Portfolios Ltd., must consolidate the income, capital gains, expenses and capital losses from all its classes to determine the amount of tax payable by it.

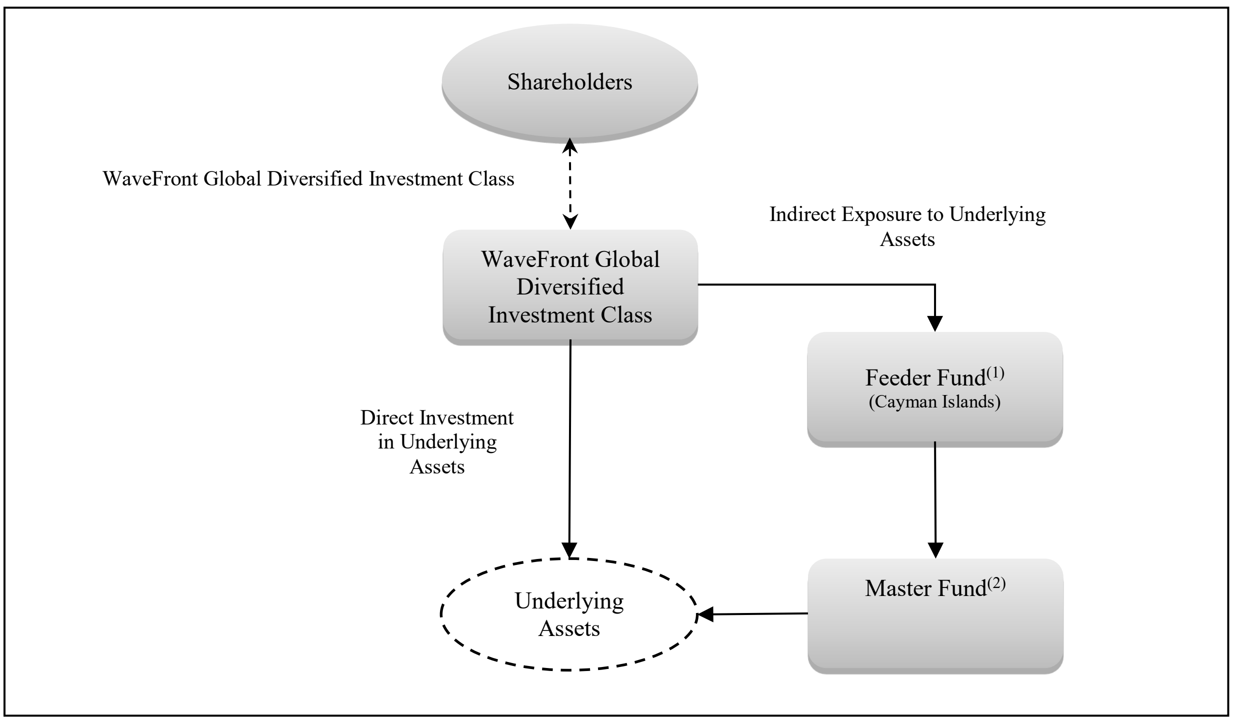
- A mutual fund trust makes taxable distributions of net income, including net taxable capital gains, to its unitholders.

- A mutual fund corporation pays ordinary dividends or capital gains dividends to its shareholders.

Overview of the investment structure of the Fund

The Fund has obtained relief (See "*Additional Information - Exemptions and Approvals*" on page 26) giving the Fund the option to gain exposure to Underlying Assets by investing directly in the Underlying Assets (as it historically has) and/or by gaining indirect exposure to the Underlying Assets via a three-tier investment structure. Under both options, the selection and management of the Underlying Assets will be managed by the Sub-Advisor.

The investment structure of the Fund and the exposure of the Fund to a Feeder Fund, a Master Fund and the Underlying Assets are illustrated below. This diagram is provided for illustration purposes only and is qualified by the information



set forth elsewhere in this prospectus.

Notes:
(1) "Feeder Fund" is representative of a segregated portfolio company incorporated with limited liability in the Cayman Islands, which issues the Feeder Fund Shares and acquires the Master Fund Shares on behalf of the Feeder Fund.
(2) "Master Fund" is representative of a limited liability corporation which issues Master Fund Shares and acquires the Underlying Assets.

To pursue its investment objective, the Sub-Advisor has the option to invest directly in the Underlying Assets or it may obtain exposure to the Underlying Assets through a three-tier structure by investing in Feeder Fund Shares issued by a Feeder Fund. Then the Feeder Fund will acquire and maintain Master Fund Shares issued by a Master Fund. Lastly, the Master Fund will acquire and maintain the applicable portion on the Underlying Assets. WaveFront is the Sub-Advisor for the Fund and will be for the Master Fund and will manage the Underlying Assets with the same investment strategy whether invested directly or indirectly. Therefore, reference to Underlying Assets is the same for both the Fund and a Master Fund, and the returns of the shareholders of the Fund is based on the performance of the Underlying Assets.

Additional Risks of the Three-tier Structure

Exempted Company and Limited Liability

The Feeder Fund will be incorporated as an exempted company registered as a segregated portfolio company incorporated with limited liability in the Cayman Islands. As an exempted company, the Feeder Fund may not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Feeder Fund carried on outside the Cayman Islands. The liability of a holder of the Feeder Fund is limited to the amount, if any, unpaid in respect of the shares held by that shareholder.

Redemption of Feeder Fund Shares

Holders of Feeder Fund Shares (e.g. the Fund) will not know in advance of giving a redemption notice the price at which the Feeder Fund Shares will be redeemed. In the period after a redemption notice has been given and before the relevant redemption date, the net asset value of Feeder Fund Shares and therefore the redemption price which will be payable to the holders of Feeder Fund Shares may change substantially due to market movements. Holders of Feeder Fund Shares are not entitled to withdraw a request for redemption, except in certain very limited circumstances. In various circumstances the redemption of Feeder Fund Shares, the payment of redemption proceeds and/or the calculation of the net asset value of the Feeder Fund Shares may be suspended. The ability of the Fund to redeem Feeder Fund Shares may depend upon the liquidity of the Master Fund Shares and the Underlying Assets.

Redemption of Master Fund Shares

Holders of Master Fund Shares (e.g. Feeder Fund) will not know in advance of giving a redemption notice the price at which the Master Fund Shares will be redeemed. In the period after a redemption notice has been given and before the relevant redemption date, the net asset value of Master Fund Shares and therefore the redemption price which will be payable to the holders of Master Fund Shares may change substantially due to market movements. Holders of Master Fund Shares are not entitled to withdraw a request for redemption, except in certain very limited circumstances. In various circumstances the redemption of Master Fund Shares, the payment of redemption proceeds and/or the calculation of the net asset value of the Master Fund Shares may be suspended. The ability of the Feeder Fund to redeem Master Fund Shares may depend upon the liquidity of the Underlying Assets.

No Recourse to Underlying Assets Via Indirect Exposure Structure

The return to the Shareholders of the Fund will be dependent upon the return of the Underlying Assets. However, to the extent the Fund has gained exposure to the Underlying Assets through direct or indirect investment in the Feeder Fund and Master Fund, the Shareholders will have limited or no recourse to the Underlying Assets.

Cross-class Liabilities and Limited Recourse

A Feeder Fund typically has the power to issue shares in different classes and does not benefit from any form of statutory segregation.

Generally, liabilities incurred in respect of a specific class of shares will be attributed to that class, while other general expenses as determined in the discretion of the valuation services provider will be incurred at the Feeder Fund level and/or allocated to each class on a pro-rata basis.

The rights of each holder of the Feeder Fund Shares are limited to the net asset value per Feeder Fund Share attributable to the relevant class of Feeder Fund Shares. In the event that the net asset value of the relevant class of Feeder Fund Shares is insufficient to make payments to holders of such class of shares, such holders of Feeder Fund Shares will not be entitled to exercise any rights or have recourse to the net asset value attributable to any other class or assets of the Feeder Fund.

However, the Feeder Fund will be a single legal entity and the assets and liabilities attributable to each class will not be segregated as a matter of Cayman Islands law, nor will contracts with service providers seek to limit their recourse to the net asset value attributable to any particular class. All of the assets of the Feeder Fund will be available to meet all of its liabilities, regardless of the class to which such assets or liabilities are attributable. In practice, cross-class liability would arise where one class becomes insolvent and is unable to meet all of its liabilities. In such a case, the assets of the Feeder Fund attributable to other classes may be applied to cover the liabilities of the insolvent class.

ORGANIZATION AND MANAGEMENT OF THE ARROW ALTERNATIVE MUTUAL FUND

Manager: Arrow Capital Management Inc. 36 Toronto Street Suite 750 Toronto, Ontario M5C 2C5	As manager for the Fund, Arrow manages the overall undertakings of the Fund, including providing administration services, promoting sales of the Fund's shares and making provisions for fund accounting.
Portfolio Advisor: Arrow Capital Management Inc. Toronto, Ontario WaveFront Global Asset Management Corp. Toronto, Ontario	As portfolio advisor of the Fund, Arrow carries out or arranges for the carrying out of research and selects, purchases and sells portfolio securities for the Fund. Arrow has engaged WaveFront Global Asset Management Corp. ("**WaveFront**") as a sub-advisor of the Fund. As sub-advisor WaveFront carries out research and selects, purchases and sells portfolio securities for the Fund.
Custodian: CIBC Mellon Trust Company	The custodian holds securities and other portfolio assets, including cash on deposit with financial institutions, on behalf of the Fund.
Registrar and Service Provider for Record Keeping Services: RBC Investor Services Trust Toronto, Ontario	The registrar and service provider for record keeping services keep track of the owners of shares of the Fund and processes purchase, switch and redemption orders and issues investor account statements and annual tax reporting information, if applicable.
Securities Lending Agent: The Bank of New York Mellon	The securities lending agent acts as agent for securities lending transactions for the Fund. The securities lending agent is independent of the Manager.
Auditor: PricewaterhouseCoopers LLP Chartered Professional Accountants Toronto, Ontario	The auditor audits the annual financial statements of the Fund to ensure that they fairly present in all material respects the Fund's financial position, results of operations, changes in net assets and cash flows in accordance with International Financial Reporting Standards.

Independent Review Committee (IRC):	Pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("**NI 81-107**"), Arrow established the IRC to review and provide either an approval or a recommendation on the conflict of interest matters that are referred to it by Arrow in connection with the operation and management of the Fund. In addition, the IRC will perform regular assessments and provide reports as required under NI 81-107. The IRC currently has, and must maintain at least, three independent members. The IRC will prepare at least annually a report of its activities for you which will be available at your request at no cost, by contacting us at info@arrow-capital.com. If approved by the IRC, the Fund may change its auditor by sending you a written notice of any such change at least 60 days before it takes effect. Likewise, if approved by the IRC, we may merge the Fund into another mutual fund provided the merger fulfills the requirements of the Canadian securities regulators relating to mutual fund mergers and we send you a written notice of the merger at least 60 days before it takes effect. In either case, no meeting of shareholders of the Fund may be called to approve the change. Additional information about the IRC, including the names of its members, is available in the Fund's annual information form.

When the Fund invests in or obtains exposure to an underlying fund managed by us or any of our affiliates or associates we will not vote any of the securities it holds or is exposed to in the underlying fund. However, we may arrange for you to vote your share of those securities.

PURCHASES, SWITCHES AND REDEMPTIONS

You may purchase or switch shares from the Fund to other funds managed by Arrow or redeem your shares in the Fund through registered dealers in each of the provinces and territories of Canada. You can contact Arrow for the names of registered dealers in your province or territory of residence.

When you buy, switch or redeem shares in the Fund, you buy them at the net asset value of the share of the series calculated as of the day of your transaction. If we receive your purchase, switch or redemption order for shares prior to 4:00 p.m. (Toronto time) on any business day, we will process your order based on the share price for that date. Otherwise, we will process your order at the share price on the next business day.

The Fund's share price will fluctuate with the value of its investments. Share prices will be calculated at the close of business on each business day, being each day on which the TSX is open for trading.

Purchases

The Fund has multiple series available for investors. Different purchase options require investors to pay different fees and expenses and, if applicable, the choice of purchase options affects the amount of compensation paid by Arrow to your dealer. See "*Fees and Expenses*" and "*Dealer Compensation*" on pages 17 through 21.

You can invest in the Fund by completing a purchase application, which you can get from your representative. Your initial investment in the Fund must be at least $1,000. Any subsequent purchase must be at least $100.

Series	Feature
Series A Shares	Series A Shares are available to all investors. You may purchase Series A Shares by way of the front-end sales charge (the "**Front-End Shares**"). You may be required to pay your dealer a sales charge when you buy these shares. This sales charge is negotiable between you and your dealer. See "*Fees and Expenses*" and "*Dealer Compensation*" on pages 17 through 21
Series F Shares	Series F Shares are generally only available to investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program and who are subject to an annual advisory or asset-based fee rather than commissions for each transaction. Series F Shares are not subject to sales charges.
Series I and R Shares	Series I and R Shares are typically for institutional investors such as pension plans, endowment funds and corporations, high net worth individuals and group RRSPs that maintain a minimum investment in the Fund as negotiated with Arrow. You may be required to pay your dealer a sales charge when you buy these shares. This sales charge is negotiable between you and your dealer. See "*Fees and Expenses*" and "*Dealer Compensation*" on pages 17 through 21
Series L Shares	Series L Shares are available to all investors. You may purchase Series L Shares with a low load option (the "**Low Load Option**") whereby an investor will pay no sales charge at the time of the purchase; however, when the shares purchased under the Low Load Option (the "**Low Load Shares**") are redeemed, a redemption fee will be charged. See "*Fees and Expenses*" and "*Dealer Compensation*" on pages 17 through 21

Payment for shares of the Fund must be received within two business days of your order or we will redeem your shares on the next business day. If the proceeds are greater than the payment you owe, the Fund is required by securities regulation to keep the difference. If the proceeds are less than the payment you owe, your dealer must pay the difference (and your dealer may seek to collect this amount plus expenses from you).

We may reject your purchase order within one business day of receiving it. Any monies sent with your order will be returned immediately.

Switches

You can switch your shares from the Fund to another fund in our group of funds, including any new mutual fund which is created and offered by Arrow after the date of this document (provided that shares of the new mutual fund have been qualified for sale in your province or territory of residence). A switch involves the redemption of the shares of a Fund and a purchase of shares in another Fund or other permitted fund.

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

The switch of shares by a shareholder from one fund to another fund will constitute a disposition of such securities for purposes of the Tax Act. As a result, a taxable shareholder will generally realize a capital gain or capital loss on such shares. The capital gain or loss for tax purposes in respect of the shares will generally be the difference between the share price of such shares at that time (less any fees) and the adjusted cost base of those shares.

You can change or convert your shares of one series to shares of another series of the same fund by contacting your representative. No fees apply. You can only change shares into a different series if you are eligible to buy such shares. Changing or converting shares from one series to another series of the same fund is generally not a disposition for tax purposes.

Redemptions

You may redeem your shares in the Fund at the net asset value of such shares on demand by providing written notice. Your dealer is required to forward your redemption order to our offices on the same day the dealer receives it from you. Your written redemption order must have your signature guaranteed by a bank, trust company or dealer for your protection.

If we do not receive all of the documentation we need from you to complete your redemption order within ten business days, we must repurchase your shares. If the sale proceeds are greater than the repurchase amount, the Fund is required by securities regulation to keep the difference. If the sale proceeds are less than the repurchase amount, your dealer will be required to pay the Fund the difference (and your dealer may seek to collect this amount plus expenses from you).

No redemption charges apply to Front-End Shares, unless the shares are subject to the short-term trading redemption charge described below. A redemption charge will apply to Low Load Shares purchased which are subsequently redeemed within the time period specified by the Fund's redemption schedule as described below. Any redemption of shares by a shareholder will first be applied to the shares that are not subject to redemption charges. In order to minimize redemption charges, shares subject to redemption charges are redeemed on a "first in, first out" basis.

The following redemption charge will apply if you redeem your Low Load Shares within the following time periods after purchase:

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

Minimum Balance

If the value of your shares in the Fund is less than $1,000, we may sell your shares and send you the proceeds. We will give your representative 30 days' notice first.

If we become aware that you no longer qualify to hold Class F shares of the Fund, we may change your securities to Class A shares of the Fund after we give your representative 30 days' notice.

The minimum balance amounts described above are determined from time to time by us in our sole discretion. They may also be waived by us and are subject to change without notice.

Short-Term Trading

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

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

If a shareholder switches or redeems shares of the Fund within 90 days of purchase (including shares received on the automatic reinvestment of distributions within such 90-day period), the Fund may charge a short-term trading fee of up to 2% of the net asset value of the shares switched or redeemed. See "*Fees and Expenses - Fees and Expenses Payable Directly by You*" on page 19.

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

Suspending your right to buy, switch and redeem shares

Securities regulations allow the Manager to temporarily suspend your right to redeem your Fund shares and postpone payment of your sale proceeds:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% of the Fund's value or its underlying market exposure are traded and there's no other exchange where these securities or derivatives are traded, or
- with the approval of securities regulators.

The Manager will not accept orders to buy Fund shares during any period when the Manager has suspended investors' rights to redeem their shares.

You may withdraw your redemption or exchange request before the end of the suspension period. Otherwise, the Manager will redeem your shares at the net asset value per share next calculated when the suspension period ends.

OPTIONAL SERVICES

This section tells you about services that are available to investors in Mutual Fund Series shares of the Fund.

Registered Tax Plans

Registered tax plans may be available through Arrow or a shareholder's broker, dealer or advisor. Shareholders should contact Arrow or their broker, dealer or advisor directly about these services.

Pre Authorized Payment Plan

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

Automatic Withdrawal Plan

You can establish an automatic withdrawal plan, provided you are not investing through a retirement savings plan and your account has a minimum value of $10,000. Under an automatic withdrawal plan, you can indicate a regular amount of cash withdrawal (not less than $100) to be made on a periodic basis, the Fund from which the investment is to be withdrawn, and the bank chequing account to which the withdrawn amounts are to be credited. Withdrawals will be made by way of redemption of shares, and it should be noted that if withdrawals are in excess of distributions and net capital appreciation, they will result in encroachment on, or possible exhaustion of, your original capital. If you choose the automatic withdrawal plan, all distributions declared on shares held under such a plan in respect of a Fund must be reinvested into additional shares of that Fund. You may modify, suspend or terminate an automatic withdrawal plan on ten days' prior written notice to us.

FEES AND EXPENSES

The tables below list:

- all fees and expenses which are paid directly by the Fund before its share prices is calculated, and which therefore indirectly reduce the value of your investment; and

- all fees and expenses payable directly by you.

Fees and Expenses Payable by the Fund

<table>
<tr><td>Management Fees</td><td colspan="4">Management fees represent the fees payable to Arrow for the services it provides. Arrow is responsible for all expenses related to the management of the Fund's investment portfolio, including investment consulting fees and research expenditures incurred by it and fees charged by investment or other advisers employed by it. We are also responsible for payment of all advertising and promotional expenses incurred in respect of the Fund.

The management fees payable by the Fund are as follows (plus applicable GST, HST and any applicable provincial sales taxes):

The table for the annual management fee rates are below. Arrow reserves the right to offer selected purchasers who meet certain criteria a management fee rebate. A holder of Series I Shares pays a negotiated management fee directly to the Manager. The management fee in respect of Series I Shares of the Fund will be different for each investor, and will not exceed 2.30%.</td></tr>
<tr><td></td><td colspan="4">Annual Management Fee</td></tr>
<tr><td>Fund</td><td>Series A</td><td>Series F</td><td>Series L</td><td>Series R</td></tr>
<tr><td>WaveFront Global Diversified Investment Class</td><td>2.00%</td><td>1.00%</td><td>2.30%</td><td>Negotiable rate not to exceed 2.30%</td></tr>
<tr><td>Performance Fees</td><td colspan="4">Each series of the Fund will pay to the Manager in respect of each calendar year of the Fund a performance bonus per Share (the "Performance Bonus") equal to 20% of the amount by which the Adjusted Net Asset Value per Share at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Share previously achieved. For these purposes, "Adjusted Net Asset Value per Share"</td></tr>
</table>

	of any series of shares of the Fund means the Net Asset Value per Share of that series at the end of a fiscal year without giving effect to the accrual of any Performance Bonus, plus the aggregate amount of all distributions previously declared on a per Share basis in respect of such series of Shares. The Performance Bonus for the Fund will be calculated and accrued each day the Net Asset Value of the Fund is calculated, but will only be payable following the end of the fiscal year of the Fund based on the actual annual performance of the Fund. Notwithstanding the foregoing, no Performance Bonus will be payable with respect to any fiscal year of the Fund unless the Adjusted Net Asset Value per Share at the end of such fiscal year exceeds the Net Asset Value per Share at the end of the preceding year (or on the date the Shares are first issued), plus the aggregate amount of all distributions previously declared on a per share basis, by a minimum of 6% (the "Hurdle Rate"). The Performance Bonus will be estimated and accrued each Valuation Date, calculated on a per series basis as at the end of each fiscal year-end of the Fund and paid within 15 business days thereafter. If any shares of the Fund are purchased during the calendar year, the Hurdle Rate will be prorated in the calculation of the performance fee with respect to those shares, in the same manner as described above. If any shares of the Fund are redeemed prior to the end of a calendar year, a performance fee will be payable on the redemption date in respect of each such shares in the same manner as described above. For greater certainty, the Hurdle Rate will be prorated in the calculation of the performance fee on a share redeemed during the calendar year.
Operating Expenses	The Fund pays for all expenses incurred in connection with its operation and administration, including applicable GST, HST and any applicable provincial sales taxes. Such costs and expenses may include, without limitation, the fees and expenses of the members of the IRC appointed under NI 81-107 and expenses related to compliance with NI 81-107; regulatory fees including participation or other fees payable by the Manager under applicable securities legislation; accounting; audit; valuation; legal; registrar and transfer agency, custodial and safekeeping fees; taxes; brokerage commissions; fees and expenses relating to the implementation of portfolio transactions; interest; shareholder servicing costs; shareholder meeting costs; printing and mailing costs; litigation expenses; amounts paid for damages awarded or as settlements in connection with litigation; lease payments (including prepaid portions thereof); costs of office space, facilities and equipment; costs of financial and other reports and prospectuses that are used in complying with applicable securities legislation; and any new fee that may be introduced by a securities authority or other governmental authority that is calculated based on assets or other criteria of the Fund. The Manager may provide any of these services and is reimbursed all of its costs in providing these services to the Fund which may include but are not limited to personnel costs, office space, insurance, and depreciation. The common expenses of the Fund and other investment funds managed by Arrow will be allocated among the Fund and other funds, as applicable. The Fund will bear separately any expense item that can be attributed specifically to the Fund. Common expenses of the Fund and other funds will be allocated based on a reasonable allocation methodology which will include allocations based on the assets of the Fund or the number of shareholders of the Fund or other methodology we determine is fair. The fees and other reasonable expenses of the IRC are paid pro rata out of the assets of the Fund, as well as out of the assets of the other investment funds

	managed by Arrow for which the IRC acts as the independent review committee. The fees for members of the IRC consist of an annual retainer in the amount of $14,000 per member. The chair of the IRC is entitled to an additional fee of $4,000. Expenses of the IRC include premiums for insurance coverage, legal fees, travel expenses and other reasonable out-of-pocket expenses. These fees and expense reimbursements are allocated across all investment funds that are managed by Arrow in a manner that is fair and reasonable. The total amount of fees paid to the IRC by all investment funds managed by Arrow for the fiscal year ended December 31, 2018 was $46,000.
Underlying fund fees and expenses	From time to time the Fund may invest in and hold securities of other investment funds. There are fees and expenses payable by the other investment funds in addition to the fees and expenses payable by the Fund. No management fees or performance fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the other investment fund for the same service and no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the other investment fund if the other investment fund is managed by the Arrow or an affiliate or associate of the manager of the Fund, and no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of securities of the other investment fund that, to a reasonable person, would duplicate a fee payable by an investor in that Fund.

Fees and Expenses Payable Directly by You

Sales Charges on Front-End Shares	A maximum of 5% of the amount you invest in the Fund. The amount of the fee is a matter negotiable between you and your dealer. Sales charges are only applicable to Front-End, Series I and Series R Shares.
Redemption Fees	No redemption charges apply to the redemption of Front-End, Series I and Series R Shares, unless the shares are subject to the short-term trading redemption charge described below. A redemption charge will apply to Low Load Shares purchased which are subsequently redeemed within the time period specified by the Fund's redemption schedule as described below. Any redemption of shares will first be applied to the shares that are not subject to redemption charges. In order to minimize redemption charges, shares subject to redemption charges are redeemed on a "first in, first out" basis. The following redemption charge will apply if you redeem your Low Load Shares within the following time periods after purchase:

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

Switch Fees	Up to 5% of the amount you wish to switch between the Fund and other funds managed by Arrow. The amount of the fee is a matter negotiable between you and your dealer. If a shareholder switches shares of a Fund within 90 days of purchase, the Fund may charge a short-term trading fee. This short-term trading fee would be over and above any switch fee which the broker, dealer or advisor may charge.
Short-term Trading Fees	The Fund may charge you a short-term trading fee of up to 2% of the net asset value of the shares if a shareholder redeems or switches shares of the Fund within 90 days of the date of purchase (including shares received on the automatic reinvestment of distributions within such 90-day period). This short-term trading fee would be over and above any switch fee which the broker, dealer or advisor may charge.
Registered Tax Plan Fees	Fees payable will be determined by the trustees of a licensed trust company for such plans.

Any change in any contract or the entering into of any new contract as a result of which the basis for the calculation of the fees or other expenses that are charged to a Fund which could result in an increase in charges to the Fund, must be approved by a majority of the votes cast at a meeting of the shareholders of the Fund called for such purpose. Such approval is not required in respect of a change in a contract or a new contract made by a Fund at arm's length and with parties other than Arrow or an associate or affiliate of Arrow for all or part of the services it requires to carry on its operations, provided that shareholders are given at least 60 days' notice before any contract is entered into or the effective date of any change, as applicable.

IMPACT OF SALES CHARGES

The following table shows the amount of fees that you would have to pay if you made an investment of $1,000 in the Fund and redeemed immediately before the end of that period.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Series A - Front-End Sales Charge(1)	$50.00	$ -	$ -	$ -	$ -
Series L – Low-Load Option	$ -	$30.00	$20.00	$ -	$ -
Series I and R	$50.00	$-	$-	$-	$-

(1) This assumes the maximum sales charge of 5% of the amount invested.

DEALER COMPENSATION

Sales Commissions and Switching Fees

You will pay your dealer a sales commission at the time of your purchase of Front-End, Series I and Series R Shares, such commission being up to 5% of the amount you invest. The actual percentage is a matter negotiable between you and your dealer. Sales charges are not paid when you switch between series of the Fund, or between the Fund or to another fund managed by Arrow, but a switch fee of up to 5% may be charged to you and retained by your dealer. The amount of any switch fee is a matter negotiable between you and your dealer. No sales commissions are paid when you receive shares from reinvested distributions. Sales commissions and switching fees are only applicable to Front-End, Series I and Series R Shares.

If an investor purchases Low Load Shares, no sales commission is payable by the investor, and Arrow will pay the dealer a commission of up to 3% in respect of the amount invested. However, a redemption fee may be deducted if redeemed within 3 years of purchase. See "*Fees and Expenses Payable Directly by You – Redemption Fees*".

Trailing Commission

We pay your dealer a trailing commission monthly on Series A and L Shares for the ongoing advice and service you receive from your dealer relating to the Fund. Dealers receive this service fee based on the aggregate share value of their clients' investment in the Fund. We also pay trailing commissions to the discount broker for securities you purchase through your discount brokerage account. We may change or cancel the terms of trailing commissions that we pay at any time. Your dealer may charge investors in Series I or R Shares an annual service fee as negotiated between you and your dealer. This fee, along with applicable taxes, may be paid either directly by you or by automatic redemption of Series I or R Shares. The following table outlines the annual trailer fee rates associated with the Funds:

	Series A Shares	**Series F Shares**	**Series L Shares**
WaveFront Global Diversified Investment Class	1.00%	None	Year 1 – 0% Year 2 – 0.50% Year 3 – 0.50% Year 4 – 1.00%

Other Kinds of Dealer Compensation

We may share with dealers up to 50% of their eligible costs in marketing shares of the Fund (upon approval of Arrow's compliance department). For example, we may pay a portion of the costs of a dealer in advertising the availability of the Fund through the financial advisors of that dealer. We may also pay part of the costs of a dealer in running a seminar to inform investors about the Fund or about the general benefits of investing in the Fund.

We may also pay up to 10% of the costs of some dealers to hold educational seminars or conferences for their financial advisors to teach them about, among other things, new developments in the mutual fund industry, financial planning or new financial products (upon approval by Arrow's compliance department). The dealer makes all decisions about where and when the conference is held and who can attend.

We may also arrange for seminars for financial advisors where we inform them about new developments in the Fund, our products and services and mutual fund industry matters. We will invite dealers to send their financial advisors to any such seminars and such dealers (and not us) will decide who attends. The financial advisors will be required to pay their own travel, accommodation and personal expenses of attending any such seminars.

DEALER COMPENSATION FROM MANAGEMENT FEES

During the year ended December 31, 2018, we paid to dealers, who distributed shares of the Fund, sales and servicing commissions equal to approximately 6.3% of the total management fees we received.

INCOME TAX CONSIDERATIONS FOR INVESTORS

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

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

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

Taxation of the Fund

As a mutual fund corporation, Exemplar Portfolios Ltd. can have three types of income: Canadian dividends, taxable capital gains and other net taxable income. Canadian dividends are subject to a 38 1/3% tax, which is fully refundable on a formula basis when ordinary taxable dividends are paid by the corporation to its shareholders. Taxable capital gains are subject to tax at full corporate income tax rates. This tax is refundable either by paying capital gains dividends to shareholders or through the capital gains redemption formula. Other income is subject to tax at full corporate income tax rates and is not refundable. Mutual fund corporations do not qualify for reduced corporate tax rates that are available to other corporations for certain types of income.

Exemplar Portfolios Ltd. must include the revenues, deductible expenses, and capital gains and losses of all of its investment portfolios when it calculates its taxable income. We will, on a discretionary basis, allocate the income or loss of Exemplar Portfolios Ltd., and the applicable taxes payable and recoverable to each of its respective share classes. Exemplar Portfolios Ltd. may pay ordinary taxable dividends or capital gains dividends to shareholders of any class in order to receive a refund of taxes on Canadian dividends and capital gains taxes under the refund mechanisms described above. The Fund may earn income from various sources including capital gains, dividends and ordinary income.

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an "offshore investment fund property" ("**OIF Property**"). If applicable, these rules would generally require Exemplar Portfolios Ltd. to include in income for each taxation year in which it owns OIF Property (i) an imputed return for the taxation year computed on a monthly basis and determined by multiplying the Fund's "designated cost" (as defined in the Tax Act) of the OIF Property at the end of the month, by 1/12th of the sum of the applicable prescribed rate for the period that includes such month plus 2%, less (ii) the Fund's income for the year (other than a capital gain) from OIF Property determined without reference to these rules. Any amount required to be included in computing a Fund's income under these provisions will be added to the adjusted cost base to the Fund of such OIF Property. The investment in the Feeder Fund may be considered as an investment in OIF Property.

Types of Income from the Fund

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

- **Dividends**. When Exemplar Portfolio Ltd. earns Canadian dividend income from its investments or realizes a net capital gain by selling securities, it may pass these amounts on to you as dividends.

- **Capital gains (or losses)**. You can realize a capital gain (or loss) when you sell or switch your shares of the Fund (including a switch of shares of one Fund for shares of another fund) for more (or less) than you paid for them. Generally, switching one series of shares to another series of shares of the same Fund will not result in a disposition for tax purposes.

Fund held in Registered Plans

Shares of the Fund are qualified investments for Registered Plans.

For these purposes, a Registered Plan means a trust governed by such plans as:

- Locked-in Retirement Accounts (LIRAs);
- Registered Retirement Savings Plans (RRSPs);
- Locked-in Registered Retirement Savings Plans (LRSPs);
- Registered Retirement Income Funds (RRIFs);
- Locked-in Retirement Income Funds (LRIFs);

- Life Income Funds (LIFs);
- Deferred Profit Sharing Plans (DPSPs);
- Registered Education Savings Plans (RESPs);
- Prescribed Retirement Income Funds (PRIFs);
- Tax-Free Savings Accounts (TFSAs);
- Registered Disability Savings Plans (RDSPs); or
- Québec Education Savings Incentive (QESI) (each, a "**Registered Plan**").

Note that not all Registered Plans are available in all provinces or territories. The funds may be eligible for other Registered Plans offered through your representative's firm.

If you hold shares of the Fund in a Registered Plan, you generally pay no tax on dividends paid from the Fund on those shares or on any capital gains that your Registered Plan realizes from selling, redeeming or switching shares (including a switch of shares of one Fund for shares of another fund). However, withdrawals from Registered Plans (other than TFSAs and certain withdrawals from RESPs or RDSPs) are generally taxable at your personal tax rate. Holders of TFSAs and RDSPs, annuitants of RRSPs and RRIFs, and subscribers of RESPs should consult with their tax advisors as to whether securities of the funds would be a "prohibited investment" under the Tax Act in their particular circumstances.

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

Funds held in Non-Registered Accounts

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

- Any dividends paid to you by Exemplar Portfolios Ltd., whether you receive them in cash or you reinvest them in shares of the Fund. These dividends (which must be computed in Canadian dollars) may include ordinary taxable dividends or capital gains dividends. Ordinary taxable dividends are subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations and include "eligible dividends" which are subject to an enhanced gross-up and dividend tax credit. Capital gains dividends are treated as capital gains realized by you. In general, you must include one-half of the amount of a capital gain in your income for tax purposes.

- 50% of any capital gains you realize from selling or redeeming your shares (including to pay fees described in this document) or switching your shares (including a switch of shares of one Fund for shares of another fund) when the value of the shares is greater than their adjusted cost base plus reasonable costs of disposition (including any redemption fees). If the value of shares sold is less than their adjusted cost base plus reasonable costs of disposition (including any redemption fees), you will have a capital loss. You must use 50% of capital losses that you realize to offset the taxable portion of capital gains realized in the same year. 50% of the unused capital losses can be carried back three years and forward indefinitely to offset the taxable capital gains in those years in accordance with detailed rules of the Tax Act.

- Generally, the amount of any management fee rebates paid to you. However, an election may be available in certain circumstances that allows you to reduce the adjusted cost base of the respective securities by the amount of the management fee rebate that would otherwise be included in income. You should consult with your tax advisor regarding the availability of this election in your particular circumstances.

We will issue a tax slip to you each year for Exemplar Portfolios Ltd. that shows the taxable amount of your dividends and any federal dividend tax credit that applies, as well as any capital gains dividends paid by Exemplar Portfolios

Ltd. Dividends and capital gains dividends declared by a Fund and capital gains realized on the disposition of shares may give rise to alternative minimum tax. You should consult your tax advisor about the tax treatment in your particular circumstances of any investment advisory fees you pay to your financial advisor when investing in the Fund and any management fee distributions paid to you.

Dividends

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

Dividends may result from foreign exchange gains because the Fund is required to report income and net realized capital gains in Canadian dollars for tax purposes.

The history of dividends paid from the Fund is no indication of future dividend payments. Several factors determine the dividends to be paid from a Fund. These include, but are not limited to, net conversions, realized and unrealized gains, and distributions from the underlying investments. Exemplar Portfolios Ltd. can choose to pay dividends on shares of any class.

The share price of the Fund may include income and capital gains that the Fund has earned, but not yet realized (in the case of capital gains) and/or paid out as a dividend. If you buy shares of the Fund just before it pays a dividend, you will be taxed on that dividend. You may have to pay tax on income or capital gains the Fund earned before you owned it. This may be particularly significant if you are purchasing later in the year. See the individual Fund descriptions in Part B of this simplified prospectus for the dividend policy of the Fund.

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

Calculating your Capital Gain or Loss

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

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

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

- your initial investment for all your shares of that series of the Fund (including any sales charges paid), **plus**
- your additional investments for all your shares of that series of the Fund (including any sales charges paid), **plus**
- reinvested dividends or management fee distributions in additional shares of that series of the Fund, **minus**
- any return of capital dividends by the Fund in respect of shares of that series of the Fund, **minus**
- the adjusted cost base of any shares of that series of the Fund previously redeemed,

all divided by

- the number of shares of that series of the Fund that you hold at that time.

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

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

Tax Information

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

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the U.S. (the "IGA") and related Canadian legislation found in Part XVIII of the Tax Act (collectively "FATCA"), certain shareholders may be requested to provide information to Exemplar Portfolios Ltd., or their registered dealer, relating to their citizenship, tax residency and, if applicable, a U.S. federal tax identification number ("TIN"). If a shareholder is identified as a U.S. taxpayer (including a U.S. citizen who is resident in Canada) or if the shareholder does not provide the requested information, the IGA and Part XVIII of the Tax Act will generally require certain information about the shareholder's investment in the fund to be reported to the CRA, unless the investment is held in a Registered Plan. The CRA will then provide the information to the U.S. Internal Revenue Service on an annual basis.

Pursuant to Part XIX of the Tax Act implementing the Organization for Economic Cooperation and Development Common Reporting Standard in Canada, the Exemplar Portfolios Ltd. is required to have procedures in place to identify accounts held by shareholders (other than Registered Plans) that are tax residents of foreign countries (other than the U.S.) and to report annually certain information pertaining to these accounts to the CRA. The CRA will then exchange that information with other participating jurisdictions under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. The due diligence and reporting requirement under FATCA operate alongside the CRS regime.

WHAT ARE YOUR LEGAL RIGHTS?

Securities legislation in some provinces and territories provide you with the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus, or fund facts or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund shares and get your money back, or to make a claim for damages, if the simplified prospectus, the Fund's annual information form, the Fund's fund facts or financial statements misrepresent any facts about the Fund. These rights usually must be exercised within certain time limits. **For more information, refer to the securities legislation of your province or territory or consult your lawyer.**

ADDITIONAL INFORMATION

Exemptions and approvals

Amendments to NI 81-102 that became effective January 3, 2019 ("**Alternative Mutual Fund Amendments**") established alternative mutual funds and repealed large sections of National Instrument 81-104 *Commodity Pools* ("**Former NI 81-104**"). Former NI 81-104 had permitted mutual funds that were commodity pools (such as the Fund) to be exempt from certain investment restrictions in NI 81-102. With the Alternative Mutual Fund Amendments, the Fund became an alternative mutual fund and can no longer rely on these exemptions. The Fund has received exemptive relief from the requirements contained in subsections 2.1(1.1), 2.2(1), 2.5(2)(a.1) and 2.5(2)(c) of NI 81-102 in order to permit the Fund to indirectly gain exposure to the Underlying Assets by means of the three-tier investment structure as described in section "*About the Fund - Overview of Investment Structure*" on page 9. As well, the Fund has received exemptive relief whereby each of the Fund and the Master Fund will be permitted to have aggregate exposure to specified derivative transactions as previously permitted under Former NI 81-104, provided that, among other things:

(a) the Fund is an alternative mutual fund subject to NI 81-102 that filed a long form prospectus as a commodity pool under Former NI 81-104 prior to the Alternative Mutual Fund Amendments;

(b) the Feeder Fund is an investment fund that complies with the investment restrictions contained in NI 81-102 and the Underlying Assets are managed in accordance with these restrictions, except as otherwise permitted by Former NI 81-104 and in accordance with any exemptions therefrom obtained by the Fund, and the Fund will not engage in any new borrowing or short selling of securities;

(c) the Master Fund is an investment fund that complies with the investment restrictions contained in NI 81-102 and the Underlying Assets are managed in accordance with these restrictions, except as otherwise permitted by Former NI 81-104 and in accordance with any exemptions therefrom obtained by the Fund, and the Fund will not engage in any new borrowing or short selling of securities;

(d) the investment by the Fund in securities of the Feeder Fund to gain indirect exposure to the Master Fund and the Underlying Assets is in accordance with the fundamental investment objectives of the Fund;

(e) the prospectus of the Fund discloses, and any annual information form filed will disclose, that the Fund will invest in securities of the Feeder Fund, which will in turn invest in the Master Fund to gain indirect exposure to the Underlying Assets, and the risks associated with such an investment structure;

(f) the Feeder Fund is a reporting issuer subject to NI 81-106;

(g) the Master Fund is a reporting issuer subject to NI 81-106;

(h) no securities of the Feeder Fund or the Master Fund are distributed in Canada other than the distribution of the securities of the Feeder Fund to the Fund;

(i) the investment by the Fund in securities of the Feeder Fund to gain indirect exposure to the Master Fund and the Underlying Assets is made in compliance with each provision of NI 81-102, except paragraphs 2.1(1.1), 2.2(1), 2.5(2)(a.1) and 2.5(c) of NI 81-102;

(j) the specified derivatives transactions entered into by the Fund and the Master Fund will be consistent with the fundamental investment objectives and investment strategies of the Fund; and

(k) the Fund's simplified prospectus, annual information form and fund facts documents will contain adequate disclosure to ensure that shareholders of the Fund are fully aware of the specified derivatives transactions entered into by the Fund and the Master Fund and the risks associated therewith.

PART B

SPECIFIC INFORMATION ABOUT THE ALTERNATIVE MUTUAL FUND DESCRIBED IN THIS DOCUMENT

Part B of this document contains specific information about the Fund, including particulars of its investment objectives, strategies and risks. All of the descriptions are organized in the same way, under these headings and subheadings:

Fund Details

This section gives you a snapshot of the Fund with information such as the type of Fund, the Fund's creation date, the series of shares it offers and its eligibility for Registered Plans.

What does the Fund Invest In?

This section includes the Fund's fundamental investment objective and the investment strategies it uses in trying to achieve its objective. Any change to the *investment objective* must be approved by a majority of votes cast at a meeting of shareholders held for that reason.

What are the Risks of Investing in the Fund?

This section shows the specific risks associated with an investment in the Fund. For an explanation of these risks, see *"What are the Risks of Investing in a Mutual Fund?"* starting on page 3.

Fund Risk Classification Methodology

The methodology used to determine the Fund's investment risk level for purposes of disclosure in this prospectus is based on the Investment Risk Classification Methodology in NI 81-102 that came into force effective September 1, 2017, as such methodology may be amended and updated from time to time (the "**Methodology**"). The Methodology reflects the view of the Canadian Securities Administrators ("**CSA**") that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. However, the Manager and the CSA recognize that other types of risk, both measurable and non-measurable, may exist and we remind you that a Fund's historical performance may not be indicative of future returns and that a Fund's historical volatility may not be indicative of its future volatility. There may be times when the Methodology produces a result that the Manager believes is inappropriate in which case the Manager may re-classify a Fund to a higher risk level, if appropriate.

Based on the Methodology, the Fund's risk level as described in this document, is determined in accordance with a standardized risk classification methodology that is based on the Fund's historical volatility as measured by the 10-year standard deviation of the returns of the Fund. If a Fund does not have at least ten years of performance history, a reference index that is expected to reasonably approximate the Fund's standard deviation is used as a proxy for the ten-year period. The Fund is assigned an investment risk level in one of the following categories:

Low – for Funds with a standard deviation range of 0 to less than 6;

Low-to-Medium – for Funds with a standard deviation range of 6 to less than 11;

Medium – for Funds with a standard deviation range of 11 to less than 16

Medium-to-High – for Funds with a standard deviation range of 16 to less than 20; and

High – for Funds with a standard deviation range of 20 or greater.

The risk ratings set forth in the table below do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding an individual investor's personal circumstances.

Mutual Fund	Reference Index	Risk Rating
WaveFront Global Diversified Investment Class	SG CTA PR USD	Medium

Although monitored on a semi-annual basis, we review the investment risk level of the Fund on an annual basis and each time a material change is made to the Fund's investment strategies and/or investment objective.

Information about the Methodology is available on request, at no cost, by calling us toll-free at 1-877-327-6048 or by sending an email to info@arrow-capital.com.

Historical performance may not be indicative of future returns and a Fund's historical volatility may not be an indication of its future volatility.

Who Should Invest in the Fund?

This section tells you the type of investment portfolio or investor the Fund may be suitable for. This is meant as a general guide only. For advice about your own circumstances, you should consult your financial advisor.

Dividend Policy

Dividends on shares held in a Registered Plan are automatically reinvested in additional shares of the Fund. Dividends on shares held outside a Registered Plan are either: (1) automatically reinvested in additional shares of the Fund; or (2) received in cash. Unless we receive written notice that you want to receive dividends in cash, the default is to have dividends automatically reinvested in shares of the Fund. To receive dividends in cash you (or your broker, dealer or advisor) must provide us a written request that you wish to receive dividends in cash. Please see the back cover for our contact information.

We may change the dividend policy at our discretion.

For more information about dividends, see "*Income Tax Considerations for Investors*" on page 21.

Fund expenses indirectly borne by investors

This section is an example of the expenses the Fund pays on its series of shares. The example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. While you do not pay these costs directly, they have the effect of reducing the Fund's returns. The management expense ratio (MER) reflects the total fees and expenses (including applicable sales taxes) paid by the Fund. It is calculated by adding the management fee to the operating expenses, with the exception of brokerage commissions, and is expressed as a percentage of the Fund's net assets. It assumes that the *MER* of the Fund was the same throughout each period shown as it was during the last completed financial year. Investors in certain series of shares are charged fees directly by their financial advisor or us that are not included in this section.

Any amount paid by the Fund as fees and expenses will reduce the return to investors in the Fund. The Fund's share price and rate of return as published on a daily basis, have already accounted for these fees and expenses.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

FUND DETAILS

Type of Fund:	Alternative Fund
Inception Date:	Series A – May 1, 2009 Series F – May 1, 2009 Series I – September 14, 2012 Series L – January 31, 2012 Series R – November 10, 2015
Securities Offered:	Shares of a mutual fund corporation – Series A, F, I, L and R Shares
Eligibility for Registered Plans:	Yes
Portfolio Advisor:	Arrow Capital Management Inc. (Portfolio Advisor) WaveFront Global Asset Management Corp. (Sub-Advisor)

WHAT DOES THE FUND INVEST IN?

Investment Objective

The investment objective of the WaveFront Global Diversified Investment Class is to seek superior long term absolute and risk-adjusted returns with the potential for low correlation to global equity and fixed-income market returns through the selection and management of long and short positions in a globally diversified portfolio of futures, options, forward contracts and other financial derivative instruments on agricultural and soft commodities, metals, energies, currencies, interest rates and equity indices (the "Underlying Assets").

The Fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The Fund's leverage shall not exceed the limits on the use of leverage described in the "Investment Strategies" section in this Simplified Prospectus or as otherwise permitted under applicable securities legislation.

Shareholder approval (given by a majority of votes cast at a meeting of shareholders) is required prior to a change of investment objective.

Investment Structure

The Fund has obtained relief (See "*Additional Information - Exemptions and Approvals*" on page 26) giving the Fund the option to gain exposure to Underlying Assets by investing directly in the Underlying Assets and/or by gaining indirect exposure to the Underlying Assets via a three-tier investment structure. Under both options, the selection and management of the Underlying Assets will be managed by the Sub-Advisor. See "*About the Fund - Overview of Investment Structure*" on page 9.

Investment Strategies

The central investment tenet of the Fund is that markets exhibit serial correlation or price trends and other persistent anomalies that cannot be explained by random behaviour or the assumption of fully informed and rational market participants. Price trends, or serial correlation in market prices, are caused by changes in risk premiums or the amount of return investors demand to compensate the risks they are taking. Risk premiums vary significantly over time in response to deeply rooted supply and demand trends for physical commodities, new market information, and changing economic environments. When risk premiums decrease or increase, underlying assets are re-priced. And since investors typically have different expectations, large shifts in markets can take several months or even years as expectations are gradually adjusted. Risk premiums include the cost of capital, equity risk premiums, yield differentials between currencies and the convenience yield associated with holding or not holding physical commodities.

The core investment strategy of the Fund is based on a risk budgeting strategy of allocating capital to markets and utilizing that capital based on the amount of risk premium being priced into markets. The Sub-Advisor utilizes a fixed risk budget that targets long-term average annualized downside deviation of less than 13%. This risk budget is then equally allocated across over 60 markets, adjusted by their volatilities and correlations. As a result of this allocation methodology, generally 50% of the portfolio risk budget is allocated to globally-traded industrial and agricultural commodity futures markets, and 50% is allocated to global currency, treasury debt and equity index futures markets.

The degree to which a market's allocated risk budget is utilized is then determined by the net position of multiple trading strategies or algorithms that sample market prices in order to capture persistent risk premiums and changes in risk premiums over time. Unutilized risk budgets that result from conflicting underlying signals are not re-allocated to other markets but go to cash. This risk budgeting strategy results in a 99% 1-month portfolio Value-at-Risk (VaR) using Extreme Value Theory (EVT) of 10%. In addition to the core investment strategy, the Sub-Advisor may utilize trading strategies based on other persistent anomalies or structural biases identified in market data.

The Sub-Advisor transacts on highly liquid exchanges globally that may include, but are not limited to, all futures exchanges in the United States and Canada, the London Metals Exchange (LME), ICE Futures Europe (ICE), the Eurex Deutschland (EUREX), the Singapore International Monetary Exchange (SIMEX), the Sydney Futures Exchange Ltd. (SFE), the Tokyo Commodities Exchange (TCE), the Malaysia Derivatives Exchange (MDEX), and the Hong Kong Futures Exchange (HKFE).

The Underlying Assets may include cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the Sub-Advisor's ongoing evaluation of current and anticipated economic and market conditions.

The Sub-Advisor believes that the success of its investment strategy is primarily contingent upon the implementation of a robust and well defined risk management model. The Sub-Advisor utilizes a multi-faceted risk management program based on low levels of risk exposure and broad diversification that includes, but is not limited to, the following measures:

Margin-to-Equity Targets

In an attempt to minimize exposure to the risk of adverse price movements, a level of trading activity is targeted that results in initial margin requirements (margin-to-equity) that are generally between 5% and 17%. Depending on market volatility and liquidity, these margin-to-equity ranges can be higher or lower but will be capped at 30%.

Risk Exposure Limits

The Sub-Advisor utilizes a fixed risk budget that targets long-term average annualized portfolio volatility of less than 16%, long-term average downside deviation of less than 13% and a 99% 1-month Underlying Assets Value-at-Risk (VaR) using Extreme Value Theory (EVT) of 10%. Short-term volatility can however deviate substantially from targeted long-term average volatility. Furthermore, there may be circumstances where it is impossible to limit risk as described above. Such a circumstance may be a market that is locked limit up or down, or the occurrence of severe slippage on order execution due to extreme market volatility.

Diversification

Diversification is applied to minimize the overall portfolio risk from any given market or trading model. The Sub-Advisor uses multiple non-correlated signal generators and trades a diversified portfolio of futures contracts that involves most major commodity groups (i.e., agriculture, currencies, energy, interest rates, equities, livestock, metals and soft commodities). The selection process seeks to avoid undue concentration in any particular futures group and to achieve a balance across several groups. However, on occasion there may be a heavier concentration of a given commodity or commodity group, or no weighting of a given commodity or commodity group, which could result in a greater return or risk to the Underlying Assets.

Risk Balancing

Risk balancing involves trading a number of contracts such that the expected dollar risk for trading any particular commodity is roughly the same as that of other commodities in the Underlying Assets. The Sub-Advisor utilizes a multi-faceted look back array of past market volatilities in order to quantify a one week forecast of the maximum expected dollar risk for trading each particular commodity. These forecasts are then used in conjunction with allowable risk budgets in order to calibrate position size for each market.

Position Management

The Sub-Advisor utilizes proprietary quantitative algorithms to identify potential periods of underperformance in any particular commodity for the Sub-Advisor's strategies. In these situations, position sizes may be systematically reduced or eliminated until the same algorithms portend an end to the potential period of underperformance.

Securities Lending, Repurchase and Reverse Repurchase Transactions

The Underlying Assets may include entering into securities lending, repurchase or reverse repurchase transactions. While no such transactions are currently contemplated, they may be entered into in conjunction with other strategies and investments in a manner considered most appropriate to achieving the Fund's investment objectives and enhancing returns as permitted by securities regulations.

Short Selling. The Fund is allowed to engage in short selling though the Fund does not currently intend to do so.

Leverage. The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Typically, the margin requirements for futures trading are between 2% and 20% of the market value of the underlying interest of the futures contract being traded. At the time of the purchase, a percentage of the price of a derivative is deposited as margin. A decrease of more than the percentage deposited would result in a decrease in market value of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial decrease in market value for the investor. To continue trading on margin, the Fund may be required to deposit further margin drawn from its cash.

The Fund does not expect that it will incur indebtedness in connection with its operations, other than interest on margin debts or deposits with respect to securities positions.

The Fund is permitted to borrow cash up to a maximum of 50% of its net asset value. The combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 50% of its net asset value.

Except as described under the heading "*About the Fund – Overview of the Investment Structure of the Fund*" on page 9, the Fund may invest up to 20% of its net asset value in securities of a single issuer including exposure to that single issuer through specified derivative transactions or index participation units.

The Fund has received exemptive relief from the regulators whereby the Fund will be permitted to have aggregate exposure to specified derivative transactions as previously permitted under Former NI 81-104. This includes the following restrictions:

- the notional leverage of the Fund, excluding futures on government securities and Euro dollars, is generally between 0% and 300% and can never go above 500%;

- the notional leverage of the Portfolio, including futures on government securities and Euro dollars is typically around 300% but from time to time may be as high as 1000%.

Notional leverage does not reflect the impact of put or call options which hedge futures positions as noted above. In the case of government securities and Euro dollars, futures positions are restricted to those that are based on investment grade government securities and Euro dollars.

The Fund may also invest in other investment funds, including ETFs, that may or may not be managed by the Manager in order to gain indirect exposure to markets, sectors or asset classes. Investments by the Fund in securities of other investment funds may be done directly or indirectly through a specified derivative.

The Fund may engage in securities lending, repurchase and reverse repurchase transactions to earn additional income for the Fund. On any securities lending, repurchase and reverse repurchase transaction, the Fund must, unless it has been granted relief;

- deal only with counterparties who meet generally accepted creditworthiness standards and who are unrelated to the Fund's portfolio manager, manager or trustee as defined in NI 81-102;

- hold collateral equal to a minimum 102% of the market value of the portfolio securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions);

- adjust the amount of the collateral on each business day to ensure the value of the collateral relative to the market value of the portfolio securities loaned, sold or purchased remains at or above the minimum 102% limit; and

- limit the aggregate value of all portfolio securities loaned or sold through securities lending and repurchase transactions to no more than 50% of the total assets of the Fund (without including the collateral for loaned securities and cash for sold securities).

The specific strategies that differentiate this Fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes, increased ability to sell securities short, and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund's investment objective and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value. Please also refer to the explanation of these risks under "Derivatives Risk", "Short Selling Risk" and "Leverage Risk" in the "What are the Risks of Investing in a Mutual Fund?" section of this Simplified Prospectus.

As Manager of the Fund, we may change the investment strategies from time to time, but will give Fund investors notice of our intention to do so if it would be a material change as defined in NI 81-106. Under NI 81-106, a change in the business, operations or affairs of the Fund is considered to be a "material change" if a reasonable investor would consider it important in deciding whether to purchase or continue to hold shares of the fund.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

The Fund may be exposed to all of the risks which are described starting on page 3. The following table shows how the risks apply to the Fund:

	Primary Risk	Secondary Risk	Low or Not a Risk
Borrowing		●	
Change in Legislation		●	
Collateral		●	
Commodity	●		
Concentration		●	
Counterparty Default		●	
Credit	●		
Currency	●		
Derivatives	●		
Equity	●		

Failure of Futures Commission Merchant		●	
Foreign Investment	●		
Forward and Over-the-Counter Option Contract		●	
Interest Rate	●		
Large Redemption		●	
Leverage	●		
Liquidity		●	
Margin	●		
Market	●		
Operational		●	
Securities Lending			●
Share Class		●	
Short Selling			●
Tax		●	
Underlying Fund	●		

INVESTMENT RISK CLASSIFICATION METHODOLOGY

Arrow has rated this Fund's risk as medium.

The risk rating assigned to the Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Fund, as measured by the 10-year standard deviation of the returns of the Fund.

The methodology and investment risk rating categories are further described under "*What are the Risks of Investing in the Fund? – Fund Risk Classification*" on page 28.

There may be times when we believe this methodology produces a result that does not reflect the Fund's risk based on other qualitative factors. As a result, we may place the Fund in a higher risk rating category, but the Fund can never be placed in a lower risk rating category.

WHO SHOULD INVEST IN THE FUND?

This Fund is suitable for investors who seek medium to long term growth through a diversified portfolio of futures, options, forward contracts and other financial derivatives. To invest in this Fund, investors should be able to accept a medium degree of risk.

To recognize a reasonable rate of return, investors should be prepared to invest for medium to long periods of time.

DIVIDEND POLICY

The Fund intends to pay ordinary taxable dividends and capital gains dividends, if any, at the end of each taxation year (normally December 31). All annual dividends paid on each series of shares will be automatically reinvested in additional shares of the series on which they are paid, without charge, unless a written request is submitted to Arrow, requesting dividends be paid in cash instead.

The dividends by way of reinvested shares are subject to the same fees and expenses as purchased shares; whereas if you receive cash dividends the cash received would not be subject to such fees and expenses.

For more information about dividends, see "*Specific Information About the Alternative Mutual Fund Described in this Document – Dividend Policy*" on page 29.

The dividend rate on a series of shares of the Fund may be greater than the return on the Fund's investments. Any dividends made to you that exceed, in aggregate, the net increase in value of your investment, represent a return of your capital back to you.

For more information about dividends and tax considerations, see "*Income Tax Considerations for Investors*" on page 21.

The Fund may at its discretion change its dividend policy from time to time.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

As explained in "*Fees and Expenses Payable by the Funds*" on page 17, the Fund pays us a management fee and costs needed to operate and carry on its business. The Fund's management expense ratio is the fees and expenses payable by the Fund divided by its average net asset value over a year.

The following example assumes that (i) you invest $1,000 in Series A shares of the Fund for the time periods indicated and then sell all of your shares at the end of those periods; (ii) your investment has an annual 5% return; and (iii) the management fees and operating expenses would be the same throughout the ten-year period.

Although your actual costs may be higher or lower based on these assumptions, your costs would be:

Expenses Payable Over	One Year	$29.80
	Three Years	$94.04
	Five Years	$165.03
	Ten Years	$376.83

ARROW ALTERNATIVE MUTUAL FUND

WaveFront Global Diversified Investment Class

Additional information about the Fund is available in the Fund's annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

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

These documents and other information about the Fund, such as information circulars and material contracts, are also available on the Fund's website www.arrow-capital.com or on SEDAR (the System for Electronic Document Analysis and Retrieval established by the Canadian Securities Administrators) at www.sedar.com.

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