

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2021

This semi-annual Management Report of Fund Performance contains financial highlights but does not contain the complete semi-annual financial statements for Arrow Canadian Advantage Alternative Class (the "Fund"). You may obtain a copy of the semi-annual financial statements, at no cost, by calling 877.327.6048, by writing to us at Arrow Capital Management Inc. (the "Manager" or "Arrow"), 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5 or by visiting our website at www.arrow-capital.com or SEDAR at www.sedar.com.

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

Forward-Looking Information

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

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

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

Management Discussion on Fund Performance

Investment Objective and Strategies

The investment objective of the Arrow Canadian Advantage Alternative Class is to achieve superior capital appreciation over both short and long-term horizons primarily through the selection and management of a concentrated group of long and short positions in Canadian equity securities and equity derivative securities.

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 the simplified prospectus or as otherwise permitted under applicable securities legislation.

To achieve its investment objective, the Fund invests predominantly in large and mid-capitalization companies, but does not specialize in any one industry. The Fund may also invest in bonds and other debt instruments if warranted by financial conditions. The Fund may also invest in options, including put options or call options either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility. The Fund may also invest in foreign securities, but generally no more than 49% of the Fund's assets and it may invest in derivatives for hedging and non-hedging purposes.

The Fund is an alternative mutual fund whereby 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.

Investment Risk

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

The Fund is suitable for investors who seek medium to long-term growth through a diversified portfolio of equity and fixed income securities. To invest in this Fund, investors should be able to accept a medium degree of risk.

Leverage

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure to underlying assets that is greater than the amount invested. It is an investment technique that can magnify gains and losses. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavorable times. The Fund's leverage is measured by calculating its aggregate gross exposure through the sum of the following: (i) the market value of short holdings; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of the Fund's specified derivatives positions, excluding any specified derivatives used for hedging purposes. The maximum aggregate gross exposure is 300% of the Fund's NAV.

The Fund may borrow cash up to a maximum of 50% of its NAV and may sell securities short, whereby the aggregate market value of securities sold short will be limited to 100% of its NAV. The combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 100% of its NAV.

During the period from January 1, 2021 to June 30, 2021, the Fund's aggregate amount of leverage ranged from 3.2% to 40.5% (0% to 58.8% in December 31, 2020) of the Fund's NAV during such period of time.

Results of Operations

The net asset value ("NAV") of the Fund increased from \$90.7 million to \$118.1 million from December 31, 2020 to June 30, 2021. The Fund had net sales of \$11.6 million for the period. The Fund paid no distributions while the portfolio's performance increased assets by \$15.8 million. For the period ended June 30, 2021, Series F Shares of the Fund delivered a gain of 16.9% (gain of 1.8% in the period ended June 30, 2020) while the Canadian benchmark, the S&P/TSX Total Return Index, posted a gain of 17.3% (loss of 7.5% in the period ended June 30, 2020) for the same period. Please refer to the "Past Performance" section for the performance of the other Series. The performance of the other Series offered by the Fund differs from Series F largely because of varying levels of expenses charged to each series, as explained in the Management Fees section.

The first half of 2021 proved to be a very good period for the strategy. We maintained a long bias as our sector rotation and stock selection was well rewarded as markets continued their upward trajectory. With low interest rates, lots of liquidity in the system and the successful roll out of vaccines, the market appears to be pushing inflation fears and potential rate hikes in the rear view mirror for now. On the COVID-19 front, Canada started out of the gates quite slowly but at the time of writing were at or near the top of the table in terms of the percentage of the population that has been vaccinated.

The successful portfolios were able to jump on 'winners of the pandemic' early. In 2020, we shifted out of Canadian stocks to seek better opportunities in U.S. technology companies and in late 2020/2021 we shifted into energy and cyclical names. The high efficacy announcements of the vaccines continued for the cyclical value stocks which had better leverage to the re-opening economies.

The cyclicals never looked back after the election as they rallied higher in the first half of 2021, driven by continued stimulus from the new Democrat regime. In hindsight, every correction presented a buying opportunity, and having a cash reserve just weighed on portfolio returns.

Recent Developments

(BASED ON INFORMATION AS AT AUGUST 6, 2021)

Valuation of U.S. equities are stretched by any measure, yet current wisdom has excess liquidity driving markets higher potentially into the fourth quarter of 2021, as U.S. markets are pushing to record highs based on solid earnings. The comparative results will likely get tougher going forward. Thus, the current scenario considers a possible market peak just as global economy begins to return to normalcy and sustained GDP growth. Advice from most strategists is to stay invested until there are more convincing signs of a market top. We expect returns to be more muted in the back half of the year and we expect to reduce our net exposure to equities as we move forward. We are quite confident in how the Fund is presently invested and with the tools we have at our disposal to make tactical shifts quickly based upon changing market conditions. We will strive to continue to provide solid risk adjusted returns with good security selection and active management which we believe will be a significant advantage versus traditional long only equity funds.

Other Developments

Amendments to National Instrument 81-102 - *Investment Funds* 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*. With the Alternative Mutual Fund Amendments, the Fund became an alternative mutual fund which permits the Fund to use strategies generally prohibited to conventional mutual funds, such as the ability to invest more than 10% of its NAV 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. Effective May 21, 2019, the fund was renamed to Arrow Canadian Advantage Alternative Class.

Related Party Transactions

Arrow Capital Management Inc. is the Manager and Portfolio Advisor of the Fund. The Manager, in consideration for management fees and performance fees, provides management services required in the day-to-day operations of the Fund. The Fund also reimburses the Manager for any operating or administrative expenses the Manager pays on behalf of the Fund.

The Fund may invest in other funds also managed by the Manager. These investments will either be made into a series that does not pay management fees or the Manager may pay a rebate to the Fund or other fund to offset fees paid by the other fund to the Manager.

Management Fees

The table below outlines the Fund’s annual Management Fee rate. It also states the percentage of the total management fees that were used to pay trailer commissions. The remainder of the management fees were used to pay for investment management services.

	Series A Shares	Series F Shares	Series L Shares
Management Fees <i>(Annual Rate %)</i>	1.65%	0.65%	1.95%
Trailer Commissions <i>(rate as % of Management Fees)</i>	59.3%	-	50.9%

In addition, the Fund pays Arrow performance fees (“Performance Fees”) equal to 20% of the amount by which the Fund return in a period is in excess of the high-water mark (the “High Water Mark”), and no Performance Fee is payable unless a hurdle rate of 6% is achieved in that year. 100% of the Performance Fees are used to pay for investment management services. Please refer to the Fund’s simplified prospectus for further details relating to Performance Fees.

Financial Highlights

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

SERIES A - NET ASSETS PER SHARE					
For the period ended June 30, 2021 and for the years ended December 31,					
	2021	2020	2019	2018	2017
Net Assets, beginning of period¹	\$ 23.92	\$ 21.77	\$ 19.00	\$ 20.55	\$ 19.64
Increase (decrease) from operations:					
Total revenue	0.21	0.35	0.27	0.30	0.34
Total expenses	(1.54)	(2.23)	(1.05)	(0.54)	(0.52)
Realized gains (loss)	5.65	9.34	2.77	2.50	0.59
Unrealized gains (loss)	(0.41)	(2.33)	1.15	(3.45)	0.70
Total increase (decrease) from operations¹:	\$ 3.91	\$ 5.13	\$ 3.14	\$ (1.19)	\$ 1.11
Distributions²:					
From dividends	-	(0.16)	(0.16)	(0.22)	(0.28)
From capital gains	-	(2.96)	-	-	-
Total distributions	\$ -	\$ (3.12)	\$ (0.16)	\$ (0.22)	\$ (0.28)
Net Assets, end of period¹	\$ 27.83	\$ 23.92	\$ 21.77	\$ 19.00	\$ 20.55

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁸					
For the period ended June 30, 2021 and for the years ended December 31,					
	2021	2020	2019	2018	2017
Net Asset Value ("NAV") (000s) ¹	\$37,834	\$32,036	\$29,333	\$34,455	\$46,397
Number of shares outstanding	1,359,282	1,339,422	1,347,694	1,813,439	2,257,526
Management expense ratio before performance fees ⁴	2.21%*	2.39%	2.44%	2.35%	2.37%
Management expense ratio ⁴	10.53%*	8.80%	4.58%	2.43%	2.44%
Management expense ratio before waivers or absorptions ⁵	10.53%*	8.80%	4.58%	2.43%	2.44%
Portfolio turnover rate ⁶	264.61%	925.53%	536.61%	35.03%	58.41%
Trading expense ratio before interest and borrowing expenses ⁸	0.79%*	0.79%	0.30%	0.12%	0.08%
Trading expense ratio ⁷	1.04%*	1.01%	0.43%	0.14%	0.09%
Net asset value per share	\$27.83	\$23.92	\$21.77	\$19.00	\$20.55

SERIES F - NET ASSETS PER SHARE					
For the period ended June 30, 2021 and for the years ended December 31,					
	2021	2020	2019	2018	2017
Net Assets, beginning of period¹	\$ 26.48	\$ 23.87	\$ 20.68	\$ 22.14	\$ 21.14
Increase (decrease) from operations:					
Total revenue	0.23	0.40	0.29	0.32	0.37
Total expenses	(1.52)	(2.30)	(0.97)	(0.35)	(0.54)
Realized gains (loss)	6.12	10.32	3.01	2.71	0.64
Unrealized gains (loss)	(0.56)	(2.28)	1.25	(3.83)	0.79
Total increase (decrease) from operations¹:	\$ 4.27	\$ 6.14	\$ 3.58	\$ (1.15)	\$ 1.26
Distributions²:					
From dividends	-	(0.18)	(0.18)	(0.24)	(0.30)
From capital gains	-	(3.27)	-	-	-
Total distributions	\$ -	\$ (3.45)	\$ (0.18)	\$ (0.24)	\$ (0.30)
Net Assets, end of period¹	\$ 30.95	\$ 26.48	\$ 23.87	\$ 20.68	\$ 22.14

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁹

For the period ended June 30, 2021 and for the years ended December 31,

	2021	2020	2019	2018	2017
Net Asset Value ("NAV") (000s) ¹	\$76,970	\$55,093	\$44,254	\$48,786	\$70,809
Number of shares outstanding	2,487,022	2,080,828	1,853,926	2,359,677	3,198,223
Management expense ratio before performance fees ⁴	1.11%*	1.29%	1.33%	1.26%	1.27%
Management expense ratio ⁴	9.23%*	8.18%	3.82%	1.38%	2.45%
Management expense ratio before waivers or absorptions ⁵	9.23%*	8.18%	3.82%	1.38%	2.45%
Portfolio turnover rate ⁶	264.61%	925.53%	536.61%	35.03%	58.41%
Trading expense ratio before interest and borrowing expenses ⁸	0.79%*	0.79%	0.30%	0.12%	0.08%
Trading expense ratio ⁷	1.04%*	1.01%	0.43%	0.14%	0.09%
Net asset value per share	\$30.95	\$26.48	\$23.87	\$20.68	\$22.14

SERIES L - NET ASSETS PER SHARE

For the period ended June 30, 2021 and for the years ended December 31,

	2021	2020	2019	2018	2017
Net Assets, beginning of period¹	\$ 16.62	\$ 15.14	\$ 13.23	\$ 14.35	\$ 13.75
Increase (decrease) from operations:					
Total revenue	0.14	0.25	0.19	0.21	0.24
Total expenses	(1.12)	(1.52)	(0.75)	(0.42)	(0.40)
Realized gains (loss)	4.08	6.41	1.96	1.74	0.42
Unrealized gains (loss)	(0.16)	(1.78)	0.83	(2.30)	0.52
Total increase (decrease) from operations¹:	\$ 2.94	\$ 3.36	\$ 2.23	\$ (0.77)	\$ 0.78
Distributions²:					
From dividends	-	(0.11)	(0.11)	(0.15)	(0.19)
From capital gains	-	(2.06)	-	-	-
Total distributions	\$ -	\$ (2.17)	\$ (0.11)	\$ (0.15)	\$ (0.19)
Net Assets, end of period¹	\$ 19.35	\$ 16.62	\$ 15.14	\$ 13.23	\$ 14.35

SERIES L - RATIOS AND SUPPLEMENTAL DATA⁸

For the period ended June 30, 2021 and for the years ended December 31,

	2021	2020	2019	2018	2017
Net Asset Value ("NAV") (000s) ¹	\$3,249	\$3,533	\$3,989	\$5,538	\$8,266
Number of shares outstanding	167,930	212,519	263,458	418,512	575,983
Management expense ratio before performance fees ⁴	2.48%*	2.66%	2.71%	2.63%	2.65%
Management expense ratio ⁴	11.15%*	8.65%	4.68%	2.73%	2.68%
Management expense ratio before waivers or absorptions ⁵	11.15%*	8.65%	4.68%	2.73%	2.68%
Portfolio turnover rate ⁶	264.61%	925.53%	536.61%	35.03%	58.41%
Trading expense ratio before interest and borrowing expenses ⁸	0.79%*	0.79%	0.30%	0.12%	0.08%
Trading expense ratio ⁷	1.04%*	1.01%	0.43%	0.14%	0.09%
Net asset value per share	\$19.35	\$16.62	\$15.14	\$13.23	\$14.35

**Ratios have been annualized.*

1. The net assets per share shown are referenced to net assets attributable to holders of redeemable shares determined in accordance with International Financial Reporting Standards (“IFRS”) and are derived from the Fund’s financial statements. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.
2. Distributions, if applicable, were reinvested in additional shares of the Fund at the discretion of the underlying shareholders.
3. The Manager may absorb certain expenses or waive certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived (if applicable) is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
4. Management expense ratio (“MER”) is calculated as total expenses net of waived fees, if applicable, and excludes certain taxes, commissions and other fund transaction costs for the stated year expressed as an annualized percentage of daily average NAV during the stated year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106. Management expense ratio before performance fee is the MER before any performance fees, if applicable, for the stated year.
5. Management expense ratio before waivers or absorptions is the MER inclusive of performance fees before any waivers or absorptions are deducted.
6. The Fund’s portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher the fund’s portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover ratio for the years ended 2019, 2018, and 2017 were calculated based on the average net portfolio of the Fund. The ratios for these years have been restated to be based on average gross portfolio of the Fund.
7. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period.
8. The trading expense ratio before interest and borrowing expenses represents total commissions and other portfolio transaction costs excluding interest expenses and borrowing expenses expressed as an annualized percentage of daily average NAV during the period.
9. Ratios and supplemental data, where applicable, are computed using the NAV of the Fund.

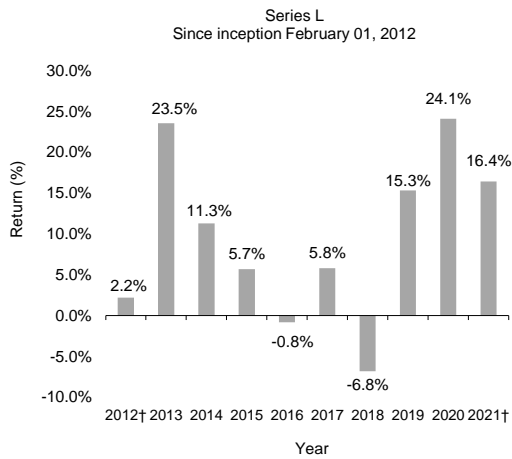
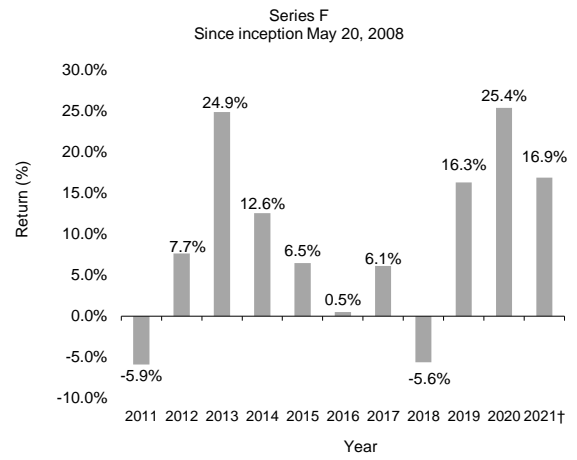
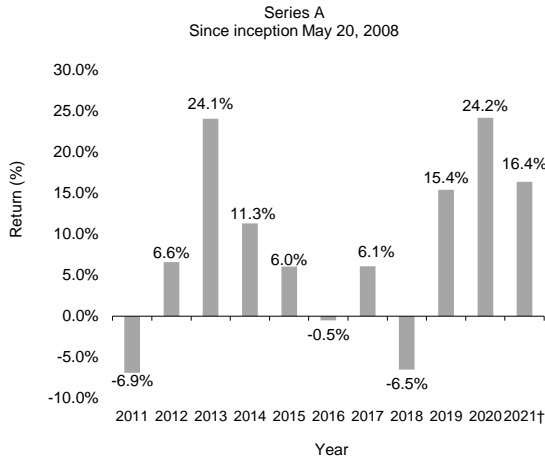
Past Performance

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

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

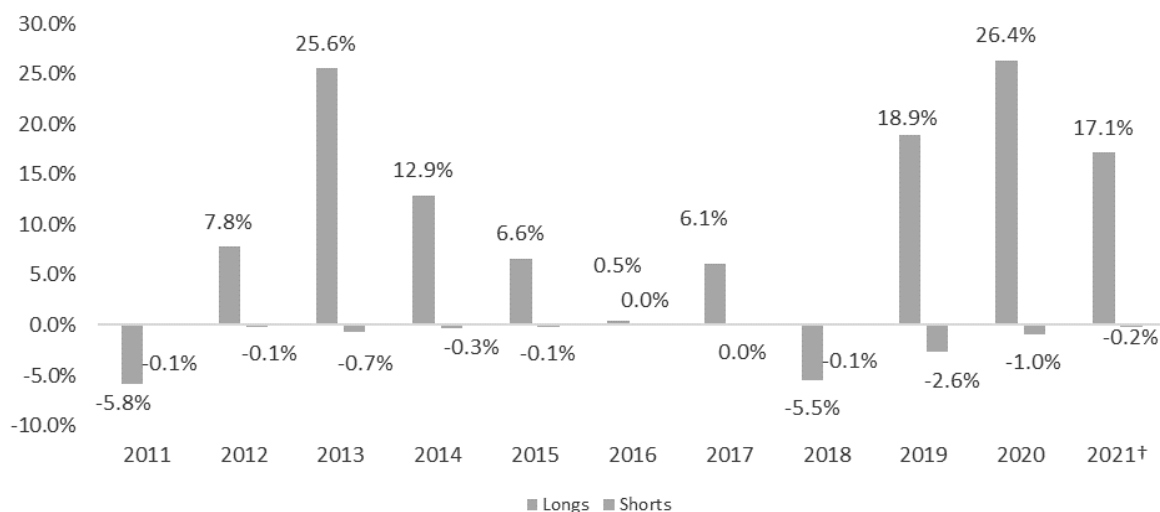
Year-By-Year Returns

The bar chart below illustrates the Fund's annual performance for each of the year(s) shown, and indicates how the Fund's performance has changed from year to year. It shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of the financial year.



†Returns shown represent a partial year

The chart below illustrates the Fund's returns for Series F for the period ended June 30, 2021 and for the years ended December 31 for the Fund's shares by long and short holdings:



†Returns shown represent a partial year

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund, and for its benchmark, the S&P/TSX Total Return Index Value ("S&P/TSX TRIV") (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange), for the period ended June 30, 2021. The Relative Performance returns show the performance of the Fund as compared to the benchmark S&P/TSX TRIV.

	1 Year	3 Years	5 Years	10 Years	Annualized Since Inception
Series A	42.6%	14.8%	11.0%	9.4%	10.2%
Series F	43.9%	15.9%	11.9%	10.3%	11.1%
Series L	42.7%	14.7%	10.9%	N/A	9.8%
S&P/TSX TRIV	33.9%	10.8%	10.8%	7.4%	5.6%

Summary of Investment Fund as at June 30, 2021

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

Industry Sector	% of Net Assets		Top 25 Holdings	%
	Long	Short		
Communication Services	5.7	(0.4)	Cash and Cash Equivalents	7.4
Consumer Discretionary	16.3	(1.0)	Vintage Wine Estates Inc.	1.4
Consumer Staples	3.9	(0.8)	Loral Space & Communications Inc.	1.3
Corporate Bonds	0.9	-	Apple Inc.	1.2
Energy	9.9	(0.1)	Tricon Residential Inc.	1.2
Financials	16.6	(1.0)	BGP Acquisition Corp., Class 'A'	1.1
Funds	0.6	(4.0)	Altius Minerals Corp.	1.0
Health Care	5.8	(0.5)	TransAlta Corp.	1.0
Industrials	8.6	(1.2)	BRP Inc., Subordinate Voting Shares	1.0
Information Technology	8.3	-	Parkland Corp.	1.0
Materials	9.2	(1.3)	Sigma Lithium Resources Corp.	0.9
Real Estate	7.7	-	Amazon.com Inc.	0.9
Utilities	5.7	-	Granite REIT	0.9
Derivatives	0.1	(0.3)	CI Financial Corp.	0.9
Cash and Cash Equivalents	7.4	-	Alphabet Inc., Class 'A'	0.9
Other Net Assets	3.9	-	Canadian Natural Resources Ltd.	0.8
	110.6	(10.6)	IBI Group Inc.	0.8
			Capital Power Corp.	0.8
			Suncor Energy Inc.	0.8
			Penn National Gaming Inc.	0.8
			Information Services Corp., Class 'A'	0.7
			Dufry AG, Registered	0.7
			Top long positions as a percentage of total net asset value	27.5
			Short Positions	
			Consumer Discretionary Select Sector SPDR Fund	(0.8)
			SPDR KBW Regional Banking ETF	(0.7)
			Canadian Imperial Bank of Commerce	(0.7)
			Top short positions as a percentage of total net asset value	(2.2)
			Total (%)	25.3
			Total Net Asset Value (in \$ millions)	118.1