

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS (formerly EXEMPLAR CANADIAN FOCUS PORTFOLIO) ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2019

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements for Arrow Canadian Advantage Alternative Class (the "Fund"). If you have not received a copy of the annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the 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 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 prospectus dated May 15, 2019. There were no material changes to the Fund over the year that affected the overall level or 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.

Results of Operations

For the year ended December 31, 2019, Series F Shares of the Fund delivered a gain of 16.3% (loss of 5.6% in 2018) while the Canadian benchmark, the S&P/TSX Total Return Index, posted a gain of 22.9% (loss of 8.9% in 2018) for the same year. 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.

Investors welcomed 2019 with low expectations after the previous year's epic December sell-off. Nevertheless, markets began to recover as soon as Federal Reserve Chairman Powell signaled a pause in interest rate increases. It became evident that investors had viewed the monetary tightness of 2018 as inappropriate and had feared a global economic slowdown would undermine U.S. growth prospects, especially in the face of escalating trade tensions between the world's two largest economies. By June, markets climbed to new highs as a result of Chairman Powell's pivot to easier monetary policy, which he subsequently validated by delivering three rate cuts in the second half of the year. Investors were relieved, as all major central bankers finally became unified in their commitment to extend current economic cycle well into the future. Despite bouts of selling in reaction to delays in trade a war resolution between U.S. and China, and mounting political tensions with Iran, declining interest rates powered equities higher. Markets celebrated Powell's third and final rate cut by delivering a stream of new highs in the fourth quarter, which spilled over into the first few weeks of January 2020. A year which began with such poor sentiment ended on a high note, rewarding investors with a totally unexpected S&P 500 Index 31.5% return.

Recent Developments

(BASED ON INFORMATION AS AT MARCH 5, 2020)

Just as primary market drivers in 2019 were easing monetary policy and the U.S. / China trade war, 2020 will be defined by the U.S. presidential election. Since Wall Street views President Trump's re-election as the most likely outcome, and he is by far the most business-friendly candidate, the possibility of any other White House occupant will be viewed with various degrees of alarm. Real fireworks might be ignited with the emergence of the leader for the Democratic nomination. Joe Biden and Senator Sanders occupy opposite extremes of the risk spectrum. Thus, while markets would be expected to have

a fairly benign reaction to Biden's nomination, panic is most likely to greet Sanders' leadership, as his progressive agenda is viewed to be threatening to corporate profits, major industries and potentially the U.S. economic wellbeing.

2020 will be tricky to navigate, with an abundance of concerns beyond the election outcome. Lack of a catalyst for future market gains is a worry for investors who fret that recent steep rally has priced in all the benefits of the phase one trade agreement. As well, the travel industry could come under significant pressure if the coronavirus outbreak spreads beyond China. However, our sense is that equity positioning has been conservative in recent years and money flow might be sustainable for some time as investors fear missing another year of robust returns. A barbell approach is our solution. We are positioned to participate in the current market strength through exposure to liquid, large cap Companies capable of delivering sustained growth. The economic reports will be undoubtedly weak, but as was the case last year they might be ignored in anticipation of a global economic recovery resulting from easing trade tensions. Portfolio managers might have become skeptical of the need to position their portfolios for recession predictions which continue to be pushed out into the future. The ongoing preference for liquid, large cap consistent outperformers speaks to investors wanting to participate in the current market upside, while maintaining liquidity just in case they need to exit.

Our approach is no different. We continue to weed out underperforming positions in preference for exposure to companies capable of delivering growth. We are eager to take advantage of the current market strength, which is likely to become truncated by developments south of the border. At the same time, we are determined to keep a healthy exposure to sectors which can be expected to act defensively in a market sell-off. We continually think of alternate scenarios so we can act quickly to change portfolio positioning in response to political developments. Our expectation is for an exceptionally active year.

We favor companies such as Visa and Boyd Group Services, who are committed to augment organic growth with a series of strategic acquisitions supported by their strong balance sheets. At the same time, we are determined to protect the portfolio against turbulence by including defensive sectors such as Utilities and Gold stocks, as well as Bullion itself.

(UPDATE - MARCH 24, 2020)

The continued worldwide spread of novel coronavirus (or COVID-19) and its impact on international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts, and the associated impact on domestic and international equity markets and fixed income yields, is expected to have a material impact on all equity and fixed income portfolios during the first half of 2020, and potentially beyond. We continue to monitor developments in equity and fixed income markets generally, and in connection with the Fund's portfolio in particular. While it is too early to predict the impact of COVID-19 related factors, during a time of increased uncertainty and volatility, we expect that the performance of all portfolios, including the Fund, will be affected in the near term.

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 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. 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>	59.6%	-	45.5%

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 dated May 15, 2019, 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 years ended December 31,					
	2019	2018	2017	2016	2015
Net Assets, beginning of year¹	\$ 19.00	\$ 20.55	\$ 19.64	\$ 19.85	\$ 19.01
Increase (decrease) from operations:					
Total revenue	0.27	0.30	0.34	0.21	0.33
Total expenses	(1.05)	(0.54)	(0.52)	(0.47)	(0.52)
Realized gains (loss)	2.77	2.50	0.59	0.59	1.04
Unrealized gains (loss)	1.15	(3.45)	0.70	(0.34)	0.27
Total increase (decrease) from operations¹:	\$ 3.14	\$ (1.19)	\$ 1.11	\$ (0.01)	\$ 1.12
Distributions²:					
From dividends	(0.16)	(0.22)	(0.28)	(0.11)	(0.11)
From capital gains	-	-	-	-	(0.19)
Total distributions	\$ (0.16)	\$ (0.22)	\$ (0.28)	\$ (0.11)	\$ (0.30)
Net Assets, end of year¹	\$ 21.77	\$ 19.00	\$ 20.55	\$ 19.64	\$ 19.85

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁸

For the years ended December 31,

	2019	2018	2017	2016	2015
Net Asset Value ("NAV") (000s) ¹	\$29,333	\$34,455	\$46,397	\$60,940	\$53,660
Number of shares outstanding	1,347,694	1,813,439	2,257,526	3,103,173	2,702,715
Management expense ratio before performance fees ^{4 9}	2.44%	2.35%	2.37%	2.32%	2.39%
Management expense ratio ^{4 9}	4.58%	2.43%	2.44%	2.33%	2.76%
Management expense ratio before waivers or absorptions ^{5 9}	4.58%	2.43%	2.44%	2.33%	2.76%
Portfolio turnover rate ⁶	736.26%	36.14%	59.00%	70.39%	51.80%
Trading expense ratio ^{7 9}	0.45%	0.16%	0.09%	0.08%	0.05%
Net asset value per share	\$21.77	\$19.00	\$20.55	\$19.64	\$19.85

SERIES F - NET ASSETS PER SHARE

For the years ended December 31,

	2019	2018	2017	2016	2015
Net Assets, beginning of year¹	\$ 20.68	\$ 22.14	\$ 21.14	\$ 21.16	\$ 20.17
Increase (decrease) from operations:					
Total revenue	0.29	0.32	0.37	0.24	0.34
Total expenses	(0.97)	(0.35)	(0.54)	(0.28)	(0.55)
Realized gains (loss)	3.01	2.71	0.64	0.62	1.08
Unrealized gains (loss)	1.25	(3.83)	0.79	(0.20)	0.30
Total increase (decrease) from operations¹:	\$ 3.58	\$ (1.15)	\$ 1.26	\$ 0.38	\$ 1.17
Distributions²:					
From dividends	(0.18)	(0.24)	(0.30)	(0.12)	(0.12)
From capital gains	-	-	-	-	(0.20)
Total distributions	\$ (0.18)	\$ (0.24)	\$ (0.30)	\$ (0.12)	\$ (0.32)
Net Assets, end of year¹	\$ 23.87	\$ 20.68	\$ 22.14	\$ 21.14	\$ 21.16

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁸

For the years ended December 31,

	2019	2018	2017	2016	2015
Net Asset Value ("NAV") (000s) ¹	\$44,254	\$48,786	\$70,809	\$95,701	\$60,501
Number of shares outstanding	1,853,926	2,359,677	3,198,223	4,526,287	2,859,550
Management expense ratio before performance fees ^{4 9}	1.33%	1.26%	1.27%	1.21%	1.28%
Management expense ratio ^{4 9}	3.82%	1.38%	2.45%	1.28%	2.12%
Management expense ratio before waivers or absorptions ^{5 9}	3.82%	1.38%	2.45%	1.28%	2.12%
Portfolio turnover rate ⁶	736.26%	36.14%	59.00%	70.39%	51.80%
Trading expense ratio ^{7 9}	0.45%	0.16%	0.09%	0.08%	0.05%
Net asset value per share	\$23.87	\$20.68	\$22.14	\$21.14	\$21.16

SERIES L - NET ASSETS PER SHARE

For the years ended December 31,

	2019	2018	2017	2016	2015
Net Assets, beginning of year¹	\$ 13.23	\$ 14.35	\$ 13.75	\$ 13.94	\$ 13.39
Increase (decrease) from operations:					
Total revenue	0.19	0.21	0.24	0.15	0.19
Total expenses	(0.75)	(0.42)	(0.40)	(0.37)	(0.31)
Realized gains (loss)	1.96	1.74	0.42	0.41	0.61
Unrealized gains (loss)	0.83	(2.30)	0.52	(0.16)	0.16
Total increase (decrease) from operations¹:	\$ 2.23	\$ (0.77)	\$ 0.78	\$ 0.03	\$ 0.65
Distributions²:					
From dividends	(0.11)	(0.15)	(0.19)	(0.08)	(0.08)
From capital gains	-	-	-	-	(0.13)
Total distributions	\$ (0.11)	\$ (0.15)	\$ (0.19)	\$ (0.08)	\$ (0.21)
Net Assets, end of year¹	\$ 15.14	\$ 13.23	\$ 14.35	\$ 13.75	\$ 13.94

SERIES L - RATIOS AND SUPPLEMENTAL DATA⁸

For the years ended December 31,

	2019	2018	2017	2016	2015
Net Asset Value ("NAV") (000s) ¹	\$3,989	\$5,538	\$8,266	\$10,286	\$8,643
Number of shares outstanding	263,458	418,512	575,983	748,245	619,909
Management expense ratio before performance fees ^{4 9}	2.71%	2.63%	2.65%	2.58%	2.67%
Management expense ratio ^{4 9}	4.68%	2.73%	2.68%	2.63%	2.80%
Management expense ratio before waivers or absorptions ^{5 9}	4.68%	2.73%	2.68%	2.63%	2.80%
Portfolio turnover rate ⁶	736.26%	36.14%	59.00%	70.39%	51.80%
Trading expense ratio ^{7 9}	0.45%	0.16%	0.09%	0.08%	0.05%
Net asset value per share	\$15.14	\$13.23	\$14.35	\$13.75	\$13.94

**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 net asset value 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.

7. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
8. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.
9. The management expense ratio before performance fees, management expense ratio, management expense ratio before waivers or absorptions and trading expense ratio for the years ended 2016 and 2015 have been restated to reflect the reclassification of certain custodial transaction costs related to the purchase and sale of securities.

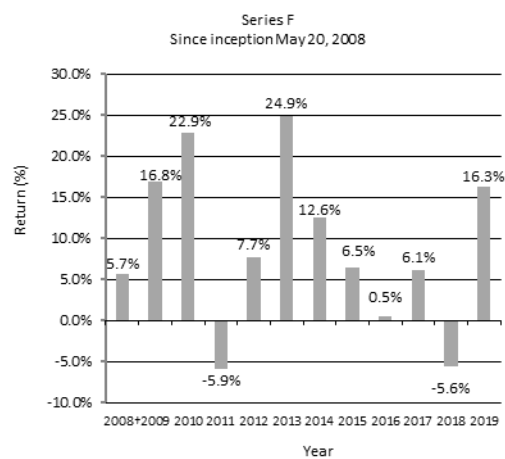
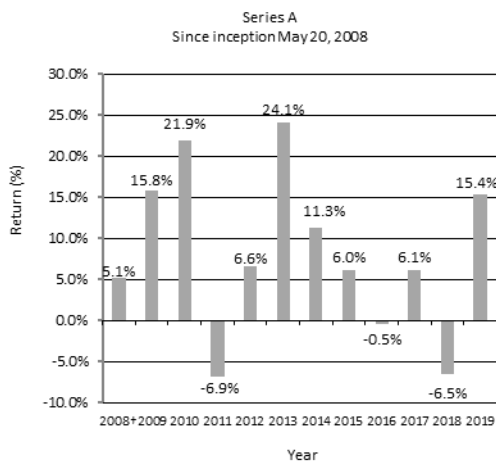
Past Performance

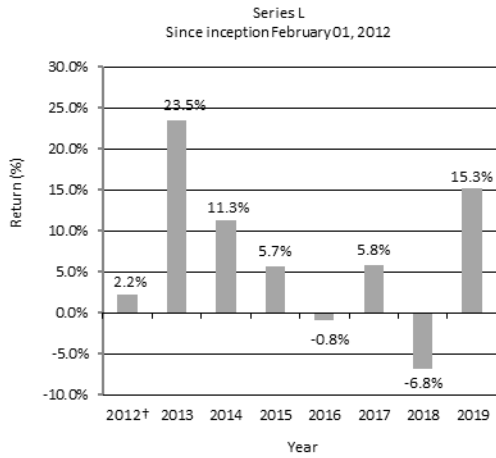
The performance information shown below assumes that all distributions, if any, made by the Fund in the periods shown were reinvested in additional shares of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital 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

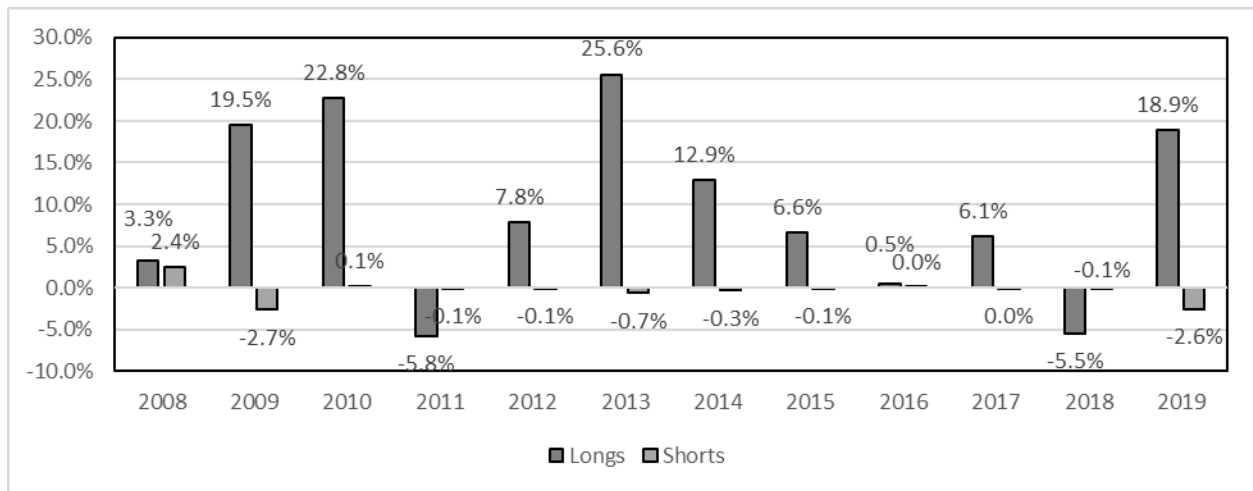
The bar chart below illustrates the Fund's annual performance for each of the year(s) shown, and indicates how the Fund's performance has changed from year to year. It shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the 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 year ended December 31, 2019 and for the years ended December 31 for the Fund's shares by long and short holdings:



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 year ended December 31, 2019. 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	15.4%	4.6%	3.8%	7.3%	8.1%
Series F	16.3%	5.2%	4.5%	8.1%	8.9%
Series L	15.3%	4.4%	3.6%	N/A	6.7%
S&P/TSX TRIV	22.9%	6.9%	6.3%	6.9%	4.4%

Summary of Investment Fund as at December 31, 2019

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	Exposure (%)		Top 25 Holdings	%
	Long (%)	Short (%)		
Communication Services	1.2	(0.3)	Arrow Global Advantage Alternative Class, Series ETF	11.0%
Consumer Discretionary	3.8	(1.6)	Boyd Group Income Fund	7.4%
Consumer Staples	2.5	(0.2)	iShares Barclays 3-7 Year Treasury Bond Fund	6.7%
Corporate Bonds	0.3	-	SPDR Gold Shares	6.0%
Energy	10.5	-	iShares Russell 2000 ETF	-5.6%
Financials	2.4	(1.6)	StorageVault Canada Inc.	4.4%
Funds	39.7	(14.6)	Invesco QQQ Trust, Series '1'	-4.2%
Health Care	5.1	-	iShares TIPS Bond ETF	4.1%
Industrials	18.4	(1.1)	Zoetis Inc.	3.2%
Information Technology	16.5	(0.4)	Shopify Inc., Class 'A'	3.1%
Materials	4.3	(0.2)	Descartes Systems Group Inc. (The)	2.6%
Real Estate	6.1	-	Brookfield Infrastructure Partners L.P.	2.6%
Utilities	6.3	-	Visa Inc., Class 'A'	2.5%
Derivatives	0.4	-	SPDR S&P 500 ETF Trust	-2.5%
Cash and Cash Equivalents		(12.3)	TC Energy Corp.	2.4%
Other Net Assets	14.8		Brookfield Infrastructure Partners L.P.	2.3%
	132.3	(32.3)	Parex Resources Inc.	2.3%
			WSP Global Inc.	2.2%
			Park Lawn Corp.	2.1%
			Canadian Pacific Railway Ltd.	2.1%
			Vanguard REIT ETF	1.7%
			iShares MSCI Emerging Markets ETF	1.7%
			Kirkland Lake Gold Ltd.	1.6%
			Adobe Inc.	1.6%
			AG Growth International Inc.	1.5%
			Total (%)	62.8%
			Total Net Asset Value (in \$ millions)	77.6