



AUDITED FINANCIAL STATEMENT

DECEMBER 2020

ARROW GLOBAL OPPORTUNITIES CLASS

ARROW GLOBAL OPPORTUNITIES CLASS

Statement of Financial Position

(in Canadian dollars)

As at December 31

2020

ASSETS	
Current Assets	
Financial assets at fair value (notes 2 and 3)	
Investments	25,588,276
Options purchased	63,227
Accrued investment income	42,904
Receivable for investments sold	294,684
Subscriptions receivable	9,058
	25,998,149
LIABILITIES	
Current Liabilities	
Financial liabilities at fair value (notes 2 and 3)	
Investments sold short	2,158,339
Options written	1,675
Cash overdraft	2,931,877
Payable for investments purchased	586,145
Accrued Investment expense	1,040
Accrued management fees (note 6)	4,708
Accrued performance fees (note 6)	337,566
Accrued expenses	57,390
	6,078,740
Net Assets Attributable to Holders of Redeemable Shares	19,919,409
Net Assets Attributable to Holders of Redeemable Shares	
Series A	1,488
Series F	6,395,410
Series I	13,522,511
Net Assets Attributable to Holders of Redeemable Shares per Share (note 2)	
Series A	12.63
Series F	12.73
Series I	13.83

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

“James L. McGovern”

James L. McGovern, Director

“Robert W. Maxwell”

Robert W. Maxwell, Director

The accompanying notes are an integral part of this financial statement.

ARROW GLOBAL OPPORTUNITIES CLASS

Statement of Comprehensive Income (Loss)

(in Canadian dollars except per share amounts)

For the Period June 30 (Inception date) to December 31, 2020

INCOME	
Net Gains (Losses) on Investments and Derivatives	
Interest for distribution purposes	10,142
Dividend income	113,666
Dividend expense on short sales	(27,616)
Net realized gain (loss) on non derivative investments	3,309,467
Net realized gain (loss) on derivative investments	(4,615)
Net change in unrealized appreciation (depreciation) in value of non derivative investments	4,262,354
Net change in unrealized appreciation (depreciation) in value of derivative investments	34,196
	7,697,594
Other Income	
Net realized and unrealized foreign currency gain (loss)	52,371
Other income	(2,070)
	50,301
	7,747,895
EXPENSES	
Management fees (note 6)	22,573
Performance fees (note 6)	337,566
Shareholder reporting fees	17,362
Audit fees	20,378
Security borrowing fees	27,115
Commissions and other portfolio transaction costs (note 2 and 8)	101,294
Withholding tax	1,515
Harmonized sales tax	51,651
	579,454
Less: expenses absorbed by manager (note 6)	-
	579,454
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	7,168,441
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	
Series A	488
Series F	1,945,442
Series I	5,222,511
Weighted Average Number of Redeemable Shares	
Series A	100
Series F	383,545
Series I	830,803
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares Per Share (note 2)	
Series A	4.88
Series F	5.07
Series I	6.29

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ARROW GLOBAL OPPORTUNITIES CLASS

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

(in Canadian dollars)

For the Period June 30 (Inception date) to December 31, 2020

Net Assets Attributable to Holders of Redeemable Shares - Beginning of Period	
Series A	-
Series F	-
Series I	-
	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	
Series A	488
Series F	1,945,442
Series I	5,222,511
	7,168,441
Distributions to Holders of Redeemable Shares	
From net investment income	
Series A	(5)
Series F	(19,586)
Series I	(40,670)
	(60,261)
From net realized gains on investments and derivatives	
Series A	(221)
Series F	(948,639)
Series I	(2,002,790)
	(2,951,650)
Total Distributions to Holders of Redeemable Shares	
Series A	(226)
Series F	(968,225)
Series I	(2,043,460)
	(3,011,911)
Redeemable Share Transactions	
Proceeds from redeemable shares issued	
Series A	1,000
Series F	4,449,969
Series I	8,300,000
	12,750,969
Reinvestments of distributions to holders of redeemable shares	
Series A	226
Series F	968,225
Series I	2,043,460
	3,011,911

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ARROW GLOBAL OPPORTUNITIES CLASS

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares (in Canadian dollars)

For the Period June 30 (Inception date) to December 31, 2020

Net Increase (Decrease) from Redeemable Shares Transactions	
Series A	1,226
Series F	5,418,194
Series I	10,343,460
	5,418,194
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	
Series A	1,488
Series F	6,395,410
Series I	13,522,511
	19,919,409
Net Assets Attributable to Holders of Redeemable Shares - End of Period	
Series A	1,488
Series F	6,395,410
Series I	13,522,511
	19,919,409

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ARROW GLOBAL OPPORTUNITIES CLASS

Statement of Cash Flows

(in Canadian dollars)

For the Period June 30 (Inception date) to December 31, 2020

Cash Flows From Operating Activities	
Increase (decrease) in net assets attributable to holders of redeemable shares	7,168,441
Adjustments to Reconcile Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares To Net Cash From (Used in) Operating Activities:	
Change in accrued investment income	(42,904)
Change in accrued investment expense	1,040
Change in other accrued expenses	399,664
Net realized (gain) on non derivative investments	(3,309,467)
Net realized (gain) on derivative investments	4,615
Net change in unrealized (appreciation) depreciation in value of non derivative investments	(4,262,354)
Net change in unrealized (appreciation) depreciation in value of derivative investments	(34,196)
Unrealized foreign exchange (gain) loss on cash and cash equivalents	(49,322)
Purchase of investments	(62,314,910)
Proceeds on sale of investments	46,716,284
Net Cash Provided by (Used in) Operating Activities	(15,723,109)
Cash Flows From Financing Activities	
Proceeds from redeemable shares issued	12,741,910
Net Cash Provided by (Used in) Financing Activities	12,741,910
Unrealized foreign exchange gain (loss) on cash and cash equivalents	49,322
Cash and Cash Equivalents - Beginning of the Period	-
Cash and Cash Equivalents - End of the Period	(2,931,877)
Supplemental Disclosure of Cash Flow	
Interest received, net of withholding taxes from operating activities	3,334
Dividends received, net of withholding taxes from operating activities	73,984
Dividends paid from operating activities	26,576

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ARROW GLOBAL OPPORTUNITIES CLASS

Schedule of Investment Portfolio – As at December 31, 2020

Equities - Long - 120.2%

Security Name	Currency	No. of Shares/Units	Average Cost (\$)	Fair Value (\$)
AUSTRALIA - 1.0%				
Champion Iron Ltd.	CAD	44,000	208,085	202,840
			208,085	202,840
BAHAMAS - 0.8%				
OneSpaWorld Holdings Ltd.	USD	12,000	131,557	154,886
			131,557	154,886
BRAZIL - 1.7%				
Sigma Lithium Resources Corp.	CAD	114,000	245,100	340,860
			245,100	340,860
CANADA - 65.3%				
Air Canada	CAD	11,400	285,997	259,578
Alaris Equity Partners Income	CAD	18,400	259,359	278,024
Alcanna Inc.	CAD	37,400	137,765	221,408
Altius Minerals Corp.	CAD	50,000	521,435	684,500
American Hotel Income Properties REIT L.P.	CAD	78,700	242,765	245,544
Bluma Wellness Inc.	USD	100,000	81,287	85,134
Burcon NutraScience Corp.	CAD	28,900	57,650	99,416
Cameco Corp.	CAD	1,000	13,925	17,050
Canaccord Genuity Group Inc.	CAD	29,700	228,526	331,452
Capitan Mining Inc.	CAD	81,500	16,304	21,598
Carebook Technologies Inc.	CAD	61,000	152,500	85,400
Cervus Equipment Corp.	CAD	11,400	105,507	145,464
Columbia Care Inc.	CAD	30,000	152,256	231,031
Copper Mountain Mining Corp.	CAD	237,400	181,639	429,694
Dexterra Group Inc.	CAD	19,200	59,818	124,608
Element Fleet Management Corp.	CAD	30,000	356,203	401,400
exactEarth Ltd.	CAD	17,200	24,630	24,080
Exchange Income Corp.	CAD	100	3,601	3,664
Exco Technologies Ltd.	CAD	20,000	145,400	184,600
Field Trip Health Ltd.	CAD	30,000	135,000	124,035
Fission Uranium Corp.	CAD	83,000	20,260	31,955
Galleon Gold Corp., Restricted	CAD	494,100	59,292	54,351
Gamehost Inc.	CAD	29,800	175,542	173,138
Giyani Metals Corp., Restricted	CAD	480,000	96,000	174,288
Gloden Tag Resources Ltd.	CAD	190,000	53,200	110,200
goeasy Ltd.	CAD	100	5,778	9,665
GoviEx Uranium Inc., Class 'A'	CAD	503,000	70,420	115,690
Gran Colombia Gold Corp.	CAD	24,000	146,338	193,440
Greenlane Renewables Inc.	CAD	1,500	758	3,465
Hardwoods Distribution Inc.	CAD	1,600	27,966	40,512
Home Capital Group Inc.	CAD	200	4,461	5,940
IBI Group Inc.	CAD	52,220	351,601	427,682
Indigo Books & Music Inc.	CAD	46,000	95,914	149,960
Information Services Corp., Class 'A'	CAD	14,700	220,575	292,677
Intact Financial Corp., Subscription Receipts, Restricted	CAD	1,000	134,500	147,026
K-Bro Linen Inc.	CAD	9,700	257,221	378,009
Kelt Exploration Ltd.	CAD	77,000	139,616	138,600
Labrador Iron Ore Royalty Corp.	CAD	5,800	146,186	189,138
Leon's Furniture Ltd.	CAD	8,000	148,240	165,040
Mako Mining Corp.	CAD	325,000	130,000	130,000
Mediavalet Inc., Restricted	CAD	40,000	80,000	105,013
Metallic Minerals Corp.	CAD	143,000	57,200	95,810
Monarca Minerals Inc.	CAD	650,000	32,500	81,250
Morguard REIT	CAD	42,700	214,749	230,153
Mullen Group Ltd.	CAD	36,000	372,188	392,400
Neo Performance Materials Inc.	CAD	20,000	213,041	275,600
Newtopia Inc	CAD	34,000	28,842	26,860
NexGen Energy Ltd.	CAD	20,000	35,380	70,200

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Schedule of Investment Portfolio – As at December 31, 2020

Northland Power Inc.	CAD	2,000	84,500	91,340
O3 Mining Inc.	CAD	3,700	9,824	11,729
Pinnacle Renewable Energy Inc.	CAD	54,500	286,485	495,405
Polaris Infrastructure Inc.	CAD	19,000	284,848	336,490
Pollard Banknote Ltd.	CAD	5,980	110,478	213,725
PopReach Corp.	CAD	209,333	243,162	297,253
Precision Drilling Corp.	CAD	3,000	55,212	62,790
Regulus Resources Inc.	CAD	64,000	54,733	68,480
Revival Gold Inc.	CAD	75,800	83,380	59,124
Sangoma Technologies Corp.	CAD	28,000	69,720	99,400
Secure Energy Services Inc.	CAD	56,000	91,466	137,760
SOL Global Investments Corp.	CAD	30,000	84,729	78,600
Southern Silver Exploration Corp.	CAD	270,000	54,000	140,400
Spartan Delta Corp.	CAD	36,080	105,769	107,518
STEP Energy Services Ltd.	CAD	30,000	15,256	22,200
Superior Plus Corp.	CAD	26,000	325,150	316,680
Sylogist Ltd.	CAD	19,000	223,439	224,200
Tamarack Valley Energy Ltd.	CAD	88,500	83,055	112,395
Titanium Transportation Group Inc.	CAD	55,300	66,913	138,250
TransAlta Corp.	CAD	22,500	181,242	217,575
Tricon Residential Inc.	CAD	30,100	293,919	344,043
Trisura Group Ltd.	CAD	2,000	173,700	178,140
Trulieve Cannabis Corp.	CAD	6,300	107,474	253,260
Uranium Participation Corp.	CAD	53,600	238,219	263,176
VEXT Science Inc.	CAD	175,000	80,283	173,250
VIQ Solutions Inc.	CAD	10,000	50,075	58,500
WPT Industrial REIT	USD	10,600	186,315	194,872
Xebec Adsorption Inc., Subscription Receipts	CAD	11,100	64,380	94,905
			10,187,061	12,997,202
CAYMAN ISLANDS - 2.3%				
AEA-Bridges Impact Corp.	USD	10,000	130,604	138,110
Apollo Strategic Growth Capital, Class 'A'	USD	14,000	185,639	185,512
Avanti Acquisition Corp., Class 'A'	USD	10,000	127,628	130,854
			443,871	454,476
CHINA - 0.7%				
CITIC Capital Acquisition Corp., Class 'A'	USD	10,000	133,326	133,400
			133,326	133,400
HONG KONG - 0.9%				
D8 Holdings Corp.	USD	13,000	169,698	176,895
			169,698	176,895
SINGAPORE - 0.7%				
Triterras Inc., Class 'A'	USD	10,000	112,000	140,401
			112,000	140,401
U.S.A. - 44.9%				
ACON S2 Acquisition Corp.	USD	14,001	183,657	187,130
Advantage Solutions Inc.	USD	3,600	54,327	60,351
American Outdoor Brands Inc.	USD	8,586	162,601	186,123
Arclight Clean Transition Corp.	USD	100	1,327	1,515
ARKO Corp.	USD	20,000	261,081	229,122
Better World Acquisition Corp.	USD	14,000	184,227	196,918
CC Neuberger Principal Holdings I	USD	10,298	138,714	142,094
Churchill Capital Corp. IV	USD	14,000	180,254	178,384
Cohn Robbins Holdings Corp., Class 'A'	USD	14,000	180,101	185,512
Culp Inc.	USD	8,994	136,092	181,687
DD3 Acquisition Corp. II	USD	14,000	185,504	187,116
Decarbonization Plus Acquisition Corp.	USD	14,000	183,047	204,759
dMY Technology Group Inc., Class 'A'	USD	10,000	147,476	223,903
DPCM Capital Inc., Class 'A'	USD	14,000	179,848	185,512
Eagle Materials Inc.	USD	1,600	192,251	206,413

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Schedule of Investment Portfolio – As at December 31, 2020

Equity Distribution Acquisition Corp., Class 'A'	USD	13,989	183,099	182,340
FAST Acquisition Corp., Class 'A'	USD	14,000	178,425	182,483
Fusion Acquisition Corp., Class 'A'	USD	10,000	129,606	143,838
GameStop Corp., Class 'A'	USD	6,000	74,051	143,889
Gigcapital2 Inc.	USD	5,000	65,988	69,691
Gold X Mining Corp.	CAD	1,800	7,513	6,102
GS Acquisition Holdings Corp. II	USD	14,000	192,142	194,245
GX Acquisition Corp., Class 'A'	USD	29,776	406,116	416,921
Hudson Executive Investment Corp., Class 'A'	USD	15,800	206,641	217,409
IG Acquisition Corp., Class 'A'	USD	14,000	178,769	180,523
Indus Holdings Inc., Subordinate Voting Shares	CAD	100,000	150,000	145,111
Jushi Holdings Inc., Class 'B'	CAD	20,000	71,000	149,800
Landcadia Holdings III Inc.	USD	14,000	184,706	199,056
Macerich Co. (The)	USD	18,300	231,733	248,548
Michaels Cos. Inc. (The)	USD	10,000	156,741	165,604
Mountain Crest Acquisition Corp.	USD	13,000	173,828	173,916
Mountain Crest Acquisition Corp., Rights, 2021/08/13	USD	13,000	-	15,667
Napco Security Technologies Inc.	USD	5,000	167,580	166,877
Natural Order Acquisition Corp.	USD	14,000	200,136	193,354
NextGen Acquisition Corp.	USD	14,000	181,107	183,374
NVIDIA Corp.	USD	200	133,861	132,942
Omnichannel Acquisition Corp.	USD	14,000	179,944	183,552
Osprey Technology Acquisition Corp., Class 'A'	USD	14,000	183,219	186,582
Peridot Acquisition Corp.	USD	9,400	127,073	134,609
Peridot Acquisition Corp., Class 'A'	USD	4,600	58,571	60,661
Protech Home Medical Corp.	CAD	115,000	162,219	185,150
Qell Acquisition Corp., Class 'A'	USD	4,000	55,589	62,576
Revolve Group Inc.	USD	6,000	179,791	238,058
Ruth's Hospitality Group Inc.	USD	9,583	151,035	216,274
Seven Oaks Acquisition Corp.	USD	14,000	181,503	184,443
Spring Valley Acquisition Corp.	USD	14,000	189,488	188,007
Square Inc., Class 'A'	USD	600	138,231	166,220
Supernova Partners Acquisition Co. Inc.	USD	10,000	140,105	147,784
Sustainable Opportunities Acquisition Corp., Class 'A'	USD	13,200	178,389	180,793
Tekcorp Digital Acquisition Corp.	USD	14,000	185,472	191,571
Thayer Ventures Acquisition Co.	USD	14,000	183,004	186,225
Tortoise Acquisition Corp. II, Class 'A'	USD	9,100	121,688	123,363
Turning Point Brands Inc.	USD	3,800	129,061	215,538
UMH Properties Inc., 6.75%, Preferred, Series 'C', Perpetual	USD	900	29,063	29,225
			8,216,994	8,948,860
UNITED KINGDOM - 1.9%				
Atlantica Yield PLC	USD	8,000	310,717	386,758
			310,717	386,758
			20,158,409	23,936,578

Equities - Short - (8.5%)

Security Name	Average Cost (\$)	Fair Value (\$)
CANADA - (4.8%)	(868,952)	(955,264)
U.S.A. - (3.7%)	(694,449)	(730,094)
	(1,563,401)	(1,685,358)

Funds - Long - 2.4%

Security Name	Currency	No. of Shares/Units	Average Cost (\$)	Fair Value (\$)
Bitcoin Fund (The)	USD	10,000	265,174	483,900
			265,174	483,900

ARROW GLOBAL OPPORTUNITIES CLASS

Schedule of Investment Portfolio – As at December 31, 2020

Funds - Short - (2.4%)

Security Name	Average Cost (\$)	Fair Value (\$)
Funds - (2.4%)	(474,574)	(472,981)
	(474,574)	(472,981)

Fixed Income - Long - 2.4%

Security Name	Maturity Date	Coupon Rate (%)	Currency	Par Value \$	Average Cost (\$)	Fair Value (\$)
Corporate Bonds - 2.4%						
AYR Strategies Inc., Callable	12-10-24	12.50	USD	200,000	252,544	251,999
Cineplex Inc., Convertible, Callable	09-30-25	5.75	CAD	200,000	231,983	218,150
					484,527	470,149
					484,527	470,149

Warrants - Long - 3.5%

Security Name	Currency	Strike Price (\$)	Maturity Date	Quantity	Average Cost (\$)	Fair Value (\$)
AerSale Corp	USD	11.50	12-22-25	25,000	20,301	59,190
Agba Acquisition Ltd	USD	11.50	05-10-25	20,000	9,897	12,726
Alberton Acquisition Corp	USD	11.50	11-21-23	14,000	15,373	21,385
Arko Corp	USD	11.50	12-31-25	16,000	23,782	27,698
Breeze Holdings Acquisition Co	USD	11.50	05-25-27	14,000	16,356	18,355
Carebook Technologies Inc., Restricted	CAD	3.13	10-01-22	30,500	-	-
Clene Inc.	USD	11.50	11-07-25	5,300	5,896	7,016
Crescent Acquisition Corp.	USD	11.50	03-07-24	10,000	19,249	18,712
Edoc Acquisition Corp.	USD	11.50	11-30-27	20,000	20,192	17,563
FirstMark Horizon Acquisition Corp.	USD	11.50	09-26-25	12,000	26,273	38,034
Galleon Gold Corp.	CAD	0.18	10-14-23	494,100	-	7
GigCapital2 Inc.	USD	11.50	07-01-24	9,613	12,586	23,983
Giyani Metals Corp.	CAD	0.35	06-23-22	240,000	-	-
Golden Tag Resources Ltd.	CAD	0.40	08-14-22	95,000	-	17,378
Goviex Uranium Inc.	CAD	0.15	08-06-25	703,000	-	59,953
Greenrose Acquisition Corp.	USD	11.50	05-11-24	10,300	13,057	13,049
GreenVision Acquisition Corp.	USD	11.50	10-28-24	14,000	12,537	13,009
GX Acquisition Corp.	USD	11.50	05-24-26	20,500	43,865	75,152
Indus Holdings Inc.	CAD	2.20	12-21-23	50,000	-	13,500
Leisure Acquisition Corp.	USD	11.50	12-28-22	10,300	11,705	10,358
Mako Mining Corp.	CAD	0.60	01-16-22	212,500	-	17,000
BM Technologies Inc.	USD	11.50	09-21-23	14,000	18,919	51,680
Metallic Minerals Corp., Restricted	CAD	0.60	08-13-22	71,500	-	5,866
Monarca Minerals Inc.	CAD	0.08	08-20-22	650,000	-	32,871
New Beginnings Acquisition Corp.	USD	11.50	11-01-26	30,200	20,442	38,442
Novo Resources Corp.	CAD	4.40	08-27-23	27,000	-	22,680
Revival Gold Inc.	CAD	1.60	02-06-22	57,000	-	-
Sandbridge Acquisition Corp.	USD	11.50	09-14-27	16,000	16,521	26,476
Silver Spike Acquisition Corp.	USD	11.50	12-31-24	2,444	3,187	10,235
Southern Silver Exploration Corp.	CAD	0.50	08-14-23	185,000	-	9,009
Tristar Gold Inc.	CAD	0.40	07-14-22	128,000	-	-
Union Acquisition Corp. II	USD	11.50	04-01-25	9,700	9,779	11,730
Whole Earth Brands, Inc.	USD	11.50	06-25-25	14,000	18,020	24,592
					337,937	697,649
Commissions					(40,489)	
Total Investments – 117.6%					19,167,583	23,429,937
Derivatives (Refer to Schedule of Derivative Instruments) - 0.3%					27,356	61,552
Cash and Other Net Assets (Liabilities) - (17.9%)						(3,572,080)
Net Assets Attributable to Holders of Redeemable Shares - 100.0%						19,919,409

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Schedule of Investment Portfolio – As at December 31, 2020

Options Bought - 0.3%

Security Name	Strike Price (\$)	Expiry Date	Currency	No. of Contracts	Average Cost (\$)	Fair Value (\$)
American Airlines Group Inc. Call Option	12.00	01-16-21	USD	112	17,304	17,678
Carnival Corp. Call Option	17.50	01-16-21	USD	84	16,513	45,549
					33,817	63,227

Options Written - (0.0%)

Security Name	Strike Price (\$)	Expiry Date	Currency	No. of Contracts	Average Cost (\$)	Fair Value (\$)
American Airlines Group Inc. Call Option	23.00	01-16-21	USD	(112)	(3,437)	(285)
Carnival Corp. Call Option	27.50	01-16-21	USD	(84)	(3,024)	(1,390)
					(6,461)	(1,675)
Total Derivatives Instruments at Fair Value					\$ 27,356	\$ 61,552

ARROW GLOBAL OPPORTUNITIES CLASS

FUND SPECIFIC NOTES TO THE AUDITED FINANCIAL STATEMENT

For the Period from June 30, 2020 (Inception date) to December 31, 2020

THE FUND (NOTE 1)

The investment objective of the Arrow Global Opportunities Class (the "Fund") is to achieve superior capital appreciation over both short and long term horizons primarily through the selection and management of long and short positions in Global equity securities and equity derivative securities.

The Fund will invest predominantly in global companies of all market capitalizations. The Fund may also invest in bonds, other debt instruments, commodities and currencies if warranted by financial conditions. The Fund will not specialize in any one industry other than to concentrate investments in those industries that offer the best opportunities for exceptional returns at each stage of the economic and market cycle. The Fund may 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 will engage in short selling of securities which the portfolio manager believes are overvalued, especially securities of issuers with deteriorating fundamentals and weak balance sheets. Short positions of index securities such as exchange traded funds may also be employed for capital preservation and hedging purposes. Short selling positions will not in total exceed 100% of the Net Asset Value of the Fund.

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

The Fund may invest in derivatives for hedging and non-hedging purposes as permitted by applicable securities laws. The Fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

The Fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The Fund's aggregate exposure is calculated as the sum of the following, and must not exceed 300% of its net asset value: (i) the aggregate market value of the Fund's outstanding indebtedness under any borrowing arrangements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional amount of the Fund's specified derivatives positions, minus the aggregate notional amount of the specified derivative positions that are hedging transactions.

REDEEMABLE SHARES (Note 1)

During the period ended December 31, 2020, the number of shares issued, redeemed and outstanding was as follows:

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares issued on reinvestment of distributions	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	-	100	18	-	118
Series F	-	426,493	76,087	-	502,580
Series I	-	830,000	147,753	-	977,753

OFFSETTING OF FINANCIAL INSTRUMENTS (Note 2)

The following tables show the net impact on the Fund's Statements of Financial Position as at December 31, 2020 if all rights to offset were exercised.

As at December 31, 2020	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not offset in the Statement of Financial Position		Net amount
				Financial instruments	Collateral	
	\$	\$	\$	\$	\$	\$
Financial assets:						
CIBC World Markets	63,227	-	63,227	(1,675)	-	61,552
	63,227	-	63,227	(1,675)	-	61,552
Financial liabilities:						
CIBC World Markets	(1,675)	-	(1,675)	1,675	-	-
	(1,675)	-	(1,675)	1,675	-	-

INTEREST IN STRUCTURED ENTITIES (Note 2)

The following table presents the Fund's interest in structured entities where the ownership exceeded 20% of each Underlying Fund value. A full list of structured entities is disclosed in the Schedule of Investment Portfolio for the current period.

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As at December 31, 2020			
		Fair Value of Fund's Investment in Underlying Fund (\$)	Ownership of Underlying Fund (%)
n/a		n/a	n/a

FINANCIAL INSTRUMENTS – RISK MANAGEMENT (Note 4)

A general discussion of financial risk management for the Fund appears as Note 4: Financial Instruments – Risk Management.

Credit Risk

The Fund was invested in fixed income securities, preferred securities and derivative instruments, if applicable, with the following credit ratings, as per the tables below as at December 31, 2020:

Credit Rating*	Percentage of Total Debt Securities	
		%
Not Rated		100.0%
Total		100.0%

Liquidity Risk

From time to time, the Fund may use margin borrowings in one or more of its brokerage or cash accounts. Below is a summary of the minimum and maximum net margin borrowing used during the period ended December 31, 2020.

	December 31, 2020
	\$
Minimum borrowing	-
Maximum borrowing	6,454,536

Leverage Risk

The Fund may use leverage. Below is a summary of the lowest and highest aggregate amount of leverage exercised by the Fund during the period ended December 31, 2020.

	December 31, 2020	
	\$	% of net assets
Lowest aggregate leverage	672,674	6.1
Highest aggregate leverage	10,913,078	64.6

Market Risk

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

(a) Currency Risk

Below is a summary of the Fund's direct exposure to currency risk as at December 31, 2020 in Canadian dollar terms. Amounts shown are based on the carrying value of monetary and non-monetary assets and liabilities of the Fund net of currency contracts and short positions, as applicable. The table also illustrates the potential impact on the net assets attributable to holders of redeemable shares if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. In practice, the actual results may differ from this analysis and the difference may be material.

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December 31, 2020						
Currency	Financial Instruments			% of net assets attributable to holders of redeemable shares	Impact on net assets attributable to holders of redeemable shares	
	Currency exposure, net of short positions	Currency contracts	Net currency exposure			
	\$	\$	\$	%		\$
United States Dollar	3,755,152	-	3,755,152	18.9		375,515
Total	3,755,152	-	3,755,152	18.9		375,515

(b) Interest Rate Risk

The table below is a summary of the Fund's direct exposure to interest rate risk as at December 31, 2020, by the remaining term to maturity of the Fund's portfolio, net of short positions, if applicable, excluding underlying funds, preferred shares, cash and overdrafts. The table also illustrates the potential impact to the Fund's net assets attributable to holders of redeemable shares, had interest rates increased or decreased by 1% with all other variables remaining constant. In practice, the actual results may differ from this analysis and the difference may be material.

Term to Maturity	Total Exposure	
		December 31, 2020
3-5 years		470,149
Total	\$	470,149
Sensitivity:		
Total \$ sensitivity	+/- \$	16,578
% of net assets attributable to holders of redeemable shares		0.1%

(c) Other Price Risk

The table below summarizes the sensitivity of the Fund's direct exposure to other price risk from equity securities, underlying funds and equity-based derivatives, as applicable. As at December 31, 2020, if prices of these instruments had fluctuated by 5%, with all other variables held constant, net assets attributable to holders of redeemable shares of the Fund would have increased or decreased, respectively, by the following amounts:

Impact on Net Assets Attributable to Holders of Redeemable Shares		December 31, 2020
		\$
5% Increase		1,171,497
5% Decrease		(1,171,497)

In practice, actual results may differ from this analysis and the difference may be material.

Concentration Risk

The following is a summary of the Fund's concentration risk by market segment, as a percentage of net assets attributable to holders of redeemable shares as at December 31, 2020:

Market Segment	December 31, 2020	
	Long (%)	Short (%)
Australia	1.0	-
Bahamas	0.8	-
Brazil	1.7	-
Canada	66.1	(4.8)
Cayman Islands	2.3	-
China	0.7	-
Fixed Income	2.4	-
Funds	2.4	(2.4)
Hong Kong	0.9	-
Singapore	0.7	-
U.S.A	47.6	(3.7)
United Kingdom	1.9	-
Derivatives	0.3	-
	128.8	(10.9)

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FAIR VALUE HIERARCHY (NOTE 5)

Below is a summary of the classification of the Fund's financial instruments within the fair value hierarchy for the period ended December 31, 2020:

December 31, 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Equities	23,455,900	480,678	-	23,936,578
Fixed income	-	470,149	-	470,149
Funds	483,900	-	-	483,900
Warrants	513,375	184,274	-	697,649
Derivatives	63,227	-	-	63,227
	24,516,402	1,135,101	-	25,651,503
Financial liabilities				
Equities sold short	(1,685,358)	-	-	(1,685,358)
Fixed income sold short	-	-	-	-
Warrants	-	-	-	-
Funds	(472,981)	-	-	(472,981)
Derivatives	(1,675)	-	-	(1,675)
	(2,160,014)	-	-	(2,160,014)
Total	22,356,388	1,135,101	-	23,491,489

There were no transfers between levels 1, 2 and 3 during the period ended December 31, 2020.

MANAGEMENT FEES (Note 6)

The management fee rates are calculated as a % of the net asset value of the Fund as follows:

Series	% of Net Asset Value
A	1.95
F	0.95
I	Negotiable and paid directly by shareholder

RELATED PARTY TRANSACTIONS (Note 7)

The Manager of the Fund is Arrow Capital Management Inc. (the "Manager" or "Arrow"). As at December 31, 2020 the Fund made investments in the following other funds managed by Arrow:

As at December 31, 2020			
Fund Invested In	Fair Value (\$)	% of net assets attributable to holders of redeemable shares	
n/a	n/a		n/a

As at December 31, 2020, the number of shares owned by the related Funds managed by the Manager is as follows:

As at December 31, 2020			
	Number of Shares	Fair Value (\$)	% of net assets attributable to holders of redeemable shares
Series I	918,853	12,707,899	94.0%

As at December 31, 2020, the number of shares owned by the Manager or Directors of the Manager for the Fund is as follows:

As at December 31, 2020			
	Number of Shares	Fair Value(\$)	% of net assets attributable to holders of redeemable shares
Series A	118	1,488	0.0%
Series F	65,460	832,985	4.2%
Series I	58,901	814,609	4.1%

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COMMISSIONS (Note 2 and 8)

Total commissions paid to dealers and soft dollars for the period ended December 31, 2020 in connection with portfolio transactions are as follows:

	December 31, 2020
	\$
Commissions	100,979
Soft Dollar*	10,635

* A portion of brokerage commissions paid was used to cover research and market data services, termed soft dollar commissions. This amount has been estimated by the Manager of the Fund.

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1. THE FUND

Exemplar Portfolios Ltd. (the “Company”) is an open-ended mutual fund corporation incorporated under the Business Corporations Act (Ontario) on March 18, 2008. The Company’s shares comprise of four classes of redeemable mutual fund shares, including Arrow Global Opportunities Class (the ‘Fund’), and three other classes, Arrow Canadian Advantage Alternative Class, Arrow Global Advantage Alternative Class and WaveFront Global Diversified Investment Class (together with the Fund, the “Classes”).

If the Company cannot satisfy its obligations related to each legally distinct class, it may be required to satisfy such obligations using assets attributable to all the Classes in the Company. Arrow Capital Management Inc. (“Arrow”) is the manager (“Manager”) of the Classes. The Manager believes that the risk of such cross-class liability is remote.

These audited financial statements presents the financial results for the Fund. The financial statements for the Arrow Canadian Advantage Alternative Class, Arrow Global Advantage Alternative Class and WaveFront Global Diversified Investment Class are available on SEDAR or from the Manager.

The date of inception and series structure of the Fund are as follows:

Date of Inception	Series Information
June 30, 2020	Series A, F and I

The Fund may offer an unlimited number of series or shares and may issue an unlimited number of shares of each series. Each series of the Funds is intended for different investors. In the future, the offering of any series of shares of the Fund may be terminated or additional series of shares may be offered. The number of issued and outstanding securities of each series is disclosed in the Statement of Financial Position and Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares. A description of each series of shares offered by the Fund as of this financial statement is provided below:

Series	Description
Series A	Series A shares are available to all investors on a front-end sales charge basis.
Series F	Series F shares are generally only available to investors who participate in a dealer sponsored fee-for-service or wrap program with their registered dealer and who are subject to an annual advisory or asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series F shares because of lower costs and because investors who purchase Series F shares will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment programs.
Series I	Series I are generally only available for certain institutional investors who make large investments in the Fund. The management fees for Series I shares are paid directly by Series I shareholders and not the Fund.

The address of the Fund’s registered office is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

The Statement of Financial Position is as at December 31, 2020. The Statement of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Shares and Cash Flows are for the period from inception June 30, 2020 to December 31, 2020. Refer to the table above for the inception date of each series. The Schedule of Investment Portfolio is as at December 31, 2020.

This financial statement was approved and authorized for issue by management on March 29, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Accounting

These audited financial statements (“financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements are presented in Canadian dollars, which is the Fund’s functional and presentation currency. These financial statements have been prepared on a going concern basis using the historical cost convention, except for financial assets and financial liabilities that have been measured at fair value.

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The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in its process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3: Significant Accounting Estimates and Judgments.

2.2 Financial Instruments

Financial instruments include financial assets and liabilities such as fixed income securities, equity securities, investment funds, exchange-traded funds and derivatives.

Classification

The Fund classifies and measures their financial instruments in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). Investment classification is based on both the Fund's business model for managing those investments and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of investments is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and use that information to assess their assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are generally principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model objective. All investments, including derivatives, are measured at Fair Value Through Profit or Loss ("FVTPL").

The Fund may sell securities short, in which a borrowed security is sold in anticipation of a decline in the market value of that security. Short sales are held for trading and are consequently classified as financial liabilities at FVTPL. Derivatives include warrants, swaps, options, futures and forward currency contracts. Derivative contracts that have a negative fair value are classified as FVTPL.

The Fund's redeemable share entitlements include a contractual obligation to distribute any net income and net realized capital gains at least annually in cash (at the request of the shareholder) and therefore meet the contractual obligation requirement under IAS 32, *Financial Instruments: Presentation* to be classified as financial liabilities in these financial statements. The Fund's obligation for net assets attributable to holders of redeemable shares are presented at the redemption amount, which approximates their fair value.

All other financial assets and liabilities are measured at amortized cost, which approximates fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest.

Financial assets and liabilities are offset and the net amounts are presented in the Statements of Financial Position when, and only when, the Fund has a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that may not meet the criteria for offsetting in the Statements of Financial Position, but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of contracts. See Note 2.4 Offsetting of Financial Instruments for more details on offsetting done by the Fund, if applicable.

Recognition and Measurement

Regular purchases and sales of investments are recognized in the Statements of Financial Position on the trade date – the date on which the Fund commits to purchase or sell the investment. Transaction costs are expensed as incurred in the Statements of Comprehensive Income (Loss) in 'Commissions and other portfolio transaction costs'. Financial assets and liabilities are measured at fair market value as presented below. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. Financial instruments at FVTPL are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income (Loss) in 'Net change in unrealized appreciation (depreciation) in value of derivative instruments'.

2.3 Fair Value Measurements of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of financial assets and liabilities traded in active markets (such as publically traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. Unlisted warrants, if any, are valued using recognized methods such as the Black-Scholes option

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valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation. Fixed income securities, debentures, and other debt instruments are valued at the quotation received from independent security pricing services or recognized investment dealers using mid-market pricing. Short-term debt instruments are carried at amortized cost, which approximates fair value. Underlying Fund are valued on each business day at their net asset value as reported by the underlying Fund manager. Commodities, if any, held by the Fund are valued based on the quoted price provided by an independent pricing source. Restricted securities purchased by the Fund are fair valued in a manner that the Manager determines to represent their fair value.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. These valuation models may be based, in part, on assumptions that are not supported by observable inputs such as market conditions existing at each reporting date. Valuation techniques include, but are not limited to, the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other techniques commonly used by market participants which make the maximum use of observable inputs. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of securities where no market price exists are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

IFRS 13, *Fair value measurement*, requires the use and disclosure of a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value of financial instruments.

Changes in valuation methodology may result in transfers in and out of a level. The Fund's policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments, as applicable are disclosed in the Fund Specific Notes to the Financial Statements.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including level 3 measurements. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed daily. At each financial reporting date, the Manager reviews and approves all level 3 fair value measurements. The manager also has a Valuation Committee which includes members of the finance, investment and compliance teams. The committee meets quarterly to perform detailed reviews of the valuations of investments held by the Fund.

2.4 Income Recognition

Gains and losses arising from changes in fair value of non-derivative financial assets are shown in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized appreciation (depreciation) in value of non-derivative investments' and as 'Net realized gain (loss) on non-derivative investments' when the positions are sold. Gains and losses are calculated using average cost, excluding commission and other transaction costs. Average cost does not include amortization of premiums or discounts on fixed income securities.

Gains and losses arising from changes in fair value of securities sold short, are shown in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized appreciation (depreciation) in value of non-derivative investments' and as 'Net realized gain (loss) on non-derivative investments' when positions are closed out and are calculated with reference to the average proceeds of the related securities, where applicable.

Interest for distribution purposes is shown on the Statement of Comprehensive Income (Loss) and represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds which are amortized on a straight-line basis.

Dividend income and dividend expense on short sales are shown on the Statement of Comprehensive Income (Loss) on the ex-dividend date.

Gains and losses arising from changes in fair value of derivatives are recognized in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized appreciation (depreciation) in value of derivative investments' and as 'Net realized gain (loss) on derivative investments' when positions are closed out or have expired, where applicable.

Interest for distribution purposes is recognized on the Statements of Comprehensive Income (Loss) and represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds which are amortized on a straight-line basis.

Dividend income and dividend expense on short sales are recognized on the Statements of Comprehensive Income (Loss) on the ex-dividend date.

Distributions received from investment trusts and underlying funds are recorded as dividends, interest for distribution purposes, net realized gains (losses)

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on sale of investments or a return of capital, based on the best information available to the Manager. Due to the nature of those investments, actual allocations could vary from this information. Distributions from income trusts and underlying funds that are treated as a return of capital for income tax purposes reduce the average cost of the income trusts and underlying funds.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. When the Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. Options held by the Fund are exchange-traded. Option contracts are valued at the last traded price taken from the exchange. Option contracts are valued each valuation day according to the gain or loss that would be realized if the contracts were closed out. All unrealized gains (losses) arising from option contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of derivative investments' in the Statements of Comprehensive Income (Loss) until the contracts are closed out or expire, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive Income (Loss) within 'Net realized gain (loss) on derivative investments'.

Forward Currency Contracts

The Fund may enter into forward currency contracts for purposes of minimizing currency exposure or to establish an exposure to a particular currency. Foreign currency forward contracts are valued on each valuation day based on the difference between the contract rate and the current forward rate at the close of the measurement date, applied to the contract's notional amount and adjusted for counterparty risk. All unrealized gains (losses) arising from foreign currency forward contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of derivative investments' in the Statements of Comprehensive Income (Loss) and 'Unrealized gain (loss) on futures and foreign currency forward contracts' in the Statements of Financial Position until the contracts are closed out or expire, at which time the gains (losses) are realized and reported in 'Net realized gain (loss) on derivative investments' in the Statements of Comprehensive Income (Loss).

Futures Contracts

The Fund may purchase or sell exchange traded futures contracts. Futures contracts are contractual obligations to buy or sell derivative instruments or commodities on a future date at a specified price established in an organized market. Futures contracts are valued on each valuation day using the closing price posted on the relevant public exchange. Cash and cash equivalents are held as margin against futures contracts which are reflected in the Statements of Financial Position in 'Margin deposits'. All unrealized gains (losses) arising from futures contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of derivative investments' in the Statements of Comprehensive Income (Loss) and 'Unrealized gain (loss) on futures and forward currency contracts' in the Statement of Financial Position. When futures contracts are closed out or expire the gain or loss is realized and reported as 'Net realized gain (loss) on derivative investments' in the Statements of Comprehensive Income (Loss).

Credit Default Swaps

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

Premiums received or paid for entering into a credit default swap are included in the Statements of Financial Position as either an asset or liability in 'Unrealized gain (loss) on swaps and swaptions'. Credit default swaps are fair valued on each valuation day based upon quotations from independent security pricing sources. The change in the difference between the premium and the fair value is included in 'Net change in unrealized appreciation (depreciation) in value of derivative investments' in the Statements of Comprehensive Income (Loss). Premiums paid or received from credit default swap agreements are included in 'Interest expense on derivatives and short sales', if applicable. When credit default swap agreements expire or are closed out, gains or losses are included in 'Net realized gain (loss) on derivative investments' in the Statements of Comprehensive Income (Loss).

Interest Rate Swap Contracts

An interest swap contract is a contractual agreement entered into between the Fund and a counterparty under which each party agrees to exchange

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periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The fair value of interest rate swaps is determined using indicative closing market values obtained from third-party broker-dealers. The broker-dealers determine the fair value using valuation methods that are based on assumptions that are supported by observable market inputs, including the interest rates for that day. Any income received or expense incurred is recorded as 'Interest expense on derivatives', if applicable in the Statements of Comprehensive Income (Loss). The unrealized gain or loss on interest rate swaps is reflected in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized appreciation (depreciation) in value of derivative investments'. When the interest rate swaps are closed out, any gains (losses) are recorded as 'Net realized gain (loss) on derivative investments' in the Statements of Comprehensive Income (Loss).

Total Return Swaps

A total return swap is an agreement between the Fund and a counterparty where single or multiple cash flows are exchanged based on the price of an underlying reference asset and based on a fixed or variable rate. Over the term of the contract, the Fund will pay to the counterparty a periodic stream of payments based on fixed or variable rate. Such periodic payments paid are accrued daily and are included in the Statements of Comprehensive Income (Loss) in 'Interest expense'. At the maturity date, a net cash flow is exchanged where the total return is equivalent to the return of the underlying reference asset less a rate, if any. As a receiver, the Fund would receive payments based on any net positive total return and would owe payments in the event of a net negative total return.

The unrealized gain or loss on total return swaps is reflected in the Statements of Comprehensive Income (Loss) as part of 'Net change in unrealized appreciation (depreciation) in value of derivative investments'. When the total return swaps are closed out, any gains or (losses) are recorded in 'Net realized gain (loss) on derivative investments' in the Statements of Comprehensive Income (Loss).

Short Selling

When the Fund sells a security short, it will borrow that security from a broker to complete the sale. As the Fund borrows a security from the broker, the Fund is required to maintain a margin account with the broker containing cash or liquid securities. The cash held on margin in respect of short sale activity, if any, is included in 'Margin deposits' in the Statements of Financial Position. The maximum loss on securities sold short can be unlimited. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closed out its short position by buying that security. The Fund will realize a gain if the security declines in price between these dates. The gain or loss that would be realized if the position was to be closed out on the valuation date is reflected in the Statements of Comprehensive Income (Loss) as part of 'Net change in unrealized appreciation (depreciation) in value of derivative investments' and in the Statements of Financial Position in "Unrealized gain (loss) on futures contracts - short". When the short position is closed out, gains and losses are realized and included in 'Net realized gain (loss) on derivative investments' in the Statements of Comprehensive Income (Loss).

Offsetting of Financial Instruments

The disclosures set out in the Offsetting of Financial Instruments tables in the Fund Specific Notes to the Financial Statements, where applicable, include foreign currency forward contracts and assets and liabilities that are subject to an enforceable master netting agreement. Transactions with individual Counterparties are governed by separate master netting agreements. Each agreement allows for net settlement of certain open contracts where the Fund and their respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting agreement will have the option to settle all open contracts on a net basis in the event of default of the other party.

International Swaps and Derivatives Association Inc. Master Agreements ("ISDA Master Agreements") govern OTC financial derivative transactions entered into by the Fund and select counterparties. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default and termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements.

The Fund may be subject to various master agreements or netting arrangements with select counterparties. These master agreements reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Since different types of transactions have different mechanics and are sometimes traded out of different legal entities of a particular counterparty organization, each type of transaction may be covered by a different master agreement resulting in the need for multiple agreements with a single counterparty. As the master agreements are specific to unique operations of different asset types, they allow the Fund to close out and net their total exposure to a counterparty in the event of a default with respect to the transactions governed under a single agreement with a counterparty.

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Investments in Structured Entities

The Fund may invest in other investment funds, such as mutual funds, exchange-traded funds or closed end funds managed by the Manager or third party investment managers. The Fund considers all investments in such instruments (“Underlying Funds”) to be investments in unconsolidated structured entities based on the fact that the decisions made by these Underlying Funds are not governed by voting rights or any other similar rights held by the Fund. The Fund accounts for these unconsolidated structured investments at fair value.

The Underlying Funds each have their own objectives and investment strategies which assist the Fund in achieving their investment objectives. The Underlying Funds primarily finance their operations by issuing redeemable units or shares which are puttable at the holder’s option in the case of mutual funds and exchange traded funds or through issuing non-redeemable units or partnership interests in the case of closed-ended funds. The Underlying Funds entitle the holder to a proportional stake in the respective underlying fund’s net assets. The Fund holds units, shares or partnership interests in each of their Underlying Funds, if applicable. These investments are included in ‘Investments’ and ‘Investments sold short’ in the Statements of Financial Position and the Schedule of Investment Portfolio.

Investments in underlying mutual funds are valued based on the net asset value per share or unit provided by the underlying mutual funds’ manager at the end of each valuation date. Investments in ETF’s are valued at the closing market price recorded by the security exchange on which the security is principally traded, unless the Manager determines that the net asset value per unit/share better reflects the current value of the ETF. The change in fair value of each Underlying Fund is included in the Statements of Comprehensive Income (Loss) as ‘Net change in unrealized appreciation (depreciation) in value of non-derivative investments’ until these Underlying Funds are sold, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive Income (Loss) as ‘Net realized gain (loss) on non-derivative investments’. The Fund’s maximum exposure to loss from their interests in Underlying Funds is equal to the total carrying value of their investment in Underlying Funds. The exposure to investments in Underlying Funds at fair value is disclosed in the Fund Specific Notes to the Financial Statements and the Schedule of Investment Portfolio.

2.5 Cash and Cash Equivalents

Cash and cash equivalents are reported at amortized cost which closely approximates their fair value due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as ‘Bank overdraft’ in the Statements of Financial Position, as applicable.

2.6 Margin Deposits

Cash collateral provided by the Fund to brokers for securities sold short and counterparties to derivative transactions is identified as ‘Margin deposits’ in the Statements of Financial Position, as applicable.

2.7 Margin Loans

Margin loans represent cash amounts borrowed under a margin agreement with the Fund’s prime broker. The Fund has granted a first priority security interest over investments and other assets held at the prime broker in support of its obligations under its margin lending agreement. Amounts owing are payable upon demand (if applicable), and are shown in the Statements of Financial Position as ‘Margin loans’.

2.8 Foreign Exchange Translation

Foreign currency amounts denominated in foreign currencies are converted into the functional currency as follows: fair values of investments, foreign currency contracts and other assets and liabilities at the closing rate of exchange prevailing on each business day; income and expenses, purchases and sales and settlements of investments at the rates of exchange applicable on the respective dates of such transactions. Foreign exchange gains (losses) relating to cash are presented as ‘Net realized and unrealized foreign currency gain (loss)’ and those relating to other financial assets and liabilities are presented within ‘Net realized gain (loss) on non-derivative investments’, ‘Net realized gain (loss) on derivative investments’, ‘Net change in unrealized appreciation (depreciation) in value of non-derivative investments’ and ‘Net change in unrealized appreciation (depreciation) in value of derivative investments’ in the Statements of Comprehensive Income (Loss).

2.9 Net Asset Value

Net asset value (“NAV”) per share of each series of the Fund is calculated weekly at the end of each Friday and at the end of each month provided that the Toronto Stock Exchange is open for business by dividing the total NAV for each series of the Fund by the number of shares of that series outstanding, each a Valuation Day (the “Valuation Day”). For a general description of the rights and obligations related to shares of the Fund see Note 1.

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The NAV of each series is computed by calculating the value of that series' proportionate share of the Fund's assets less that series' proportionate share of the Fund's common liabilities and less series specific liabilities. Expenses directly attributable to a series are charged to that series. Other income, expenses, gains and losses, are allocated to each series of the Fund proportionately based upon the relative total NAV of each series.

As at December 31, 2020 and 2019, there were no differences between the NAV used for transactions with shareholders as calculated under Part 14 of National Instrument 81-106 Investment Funds for Continuous Disclosure and the net assets attributable to holder redeemable shares used for reporting purposes under IFRS.

2.10 Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share

Increase (decrease) in net assets attributable to holders of redeemable shares per shares disclosed in the Statements of Comprehensive Income (Loss) is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable shares from operations of each series of the Fund by the weighted average number of shares outstanding in that series during the period.

2.11 Commissions and Other Portfolio Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, are included in 'Commissions and other portfolio transaction costs' in the Statements of Comprehensive Income (Loss).

2.12 Securities Lending, Repurchase and Reverse Repurchase Agreements

The Fund is permitted to enter into securities lending, repurchase and reverse repurchase transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities at a future date. The loaned assets of each Fund are not permitted to exceed 50% of the aggregate net asset value of the Fund.

The value of cash or securities collateral held as collateral must be at least 102% of the fair value of the securities loaned, sold or repurchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statements of Comprehensive Income (Loss) in 'Securities lending income' when earned. During the period ended December 31, 2020 the Fund did not enter into any security lending, repurchase or reverse repurchase transactions.

2.13 Withholding Tax

The Fund may, from time to time, incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income (Loss).

2.14 Harmonized Sales Tax

Certain provinces including Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador (each a Participating Tax Jurisdiction) have harmonized their provincial sales tax ("PST") with the federal goods and services tax ("GST"). The Harmonized Sales Tax ("HST") combines the federal GST rate of 5% with the PST rate of the participating province. The province of Quebec also applies the Quebec sales tax ("QST") of 9.975%. The Provincial HST liability or refund is calculated using the residency of shareholders and the value of their interest in the Fund as at specific times, rather than the physical location of the Fund. The effective sales tax rate charged to each series of the Fund is based on the shareholders' proportionate investments by province, using each province's HST rate, GST rate in the case of non-participating provinces and/or QST rate. All amounts are presented as 'Harmonized sales tax' in the Statements of Comprehensive Income (Loss).

2.15 Due from and to Brokers

Amounts due from and to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the Statements of Financial Position date, respectively. The due from brokers balance is held for collection. These amounts are recognized initially at fair value and subsequently measured at amortized cost. Amounts due from brokers are presented in "Receivable for investments sold" and amounts due to brokers are presented in "Payable for investments purchased" in the Statements of Financial Position.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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Use of Estimates

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

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

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

Use of Judgments

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

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial statements.

Assessment as Investment Entity

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

Determination if Underlying Funds Meet the Structured Entity Definition

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

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Fund is exposed to a variety of financial instruments risks: credit risk, liquidity risk, leverage and short selling risk, market risk (including currency risk, interest rate risk and other price risk), concentration risk and capital risk management. The level of risk to which the Fund is exposed to depends on the investment objective and the type of investments the Fund holds. The value of investments within a portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company specific news related to investments held by the Fund. The Manager of the Fund may minimize potential adverse effects of these risks on the Fund's performance by, but not limited to, regular monitoring of the Fund's positions and market events, diversification of the investment portfolio by asset type, country, sector, term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

Please refer to Fund Specific Notes to the Financial Statements for the Fund specific risk disclosure.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument, such as fixed income securities, preferred shares and derivatives, will fail to discharge an obligation or commitment that it has entered into with the Fund. The fair value as presented in the Schedule of Investments and Statement of Financial Position includes consideration of the creditworthiness of the issuer, and accordingly represents the maximum credit risk exposure to the Fund.

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The Fund may also be exposed to credit risk to the extent that the Fund's prime broker may not be able to settle trades for cash. All transactions in listed securities and derivatives are settled or paid upon delivery using approved brokers with an approved credit rating. The risk of default with the counterparty is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

The Manager has appointed as prime broker, CIBC World Markets Inc., which may hold assets for the Fund as the Fund may engage in short selling and other derivative transactions. The prime broker accounts may provide less segregation of the Fund's assets than would be the case with a more conventional custody arrangement. As a result, the Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors and adverse market movements while its positions cannot be traded. In addition, the Fund brokerage agreements requires collateral of 150% of the net asset value of securities sold short.

The credit ratings reported in the Schedule of Investment Portfolio and Fund Specific Notes to the Financial Statements for issuers of debt instruments, counterparties of derivative transactions, prime brokers, and custodians, where applicable, are obtained from Standard & Poor's Rating Services, Moody's Investors Services, Inc. and / or Dominion Bond Rating Service.

Liquidity Risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. Each Fund is exposed to liquidity risk due to potential weekly cash redemptions of redeemable securities. Generally, the Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity. However, liquidity risk also involves the ability to sell an asset for cash easily and at a fair price. Some securities may be illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a Fund to sell such securities quickly or at a fair price. Difficulty in selling securities could result in a loss or a lower return for a Fund.

Leverage and Short Selling 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.

The Fund exercises leverage through participating in short selling transactions, which expose the Fund to short selling risk.

Short selling risk is the risk of loss related to short selling transactions. There is no assurance that securities will decline in value during the year of the short sale and make a profit for the Fund and securities sold short may instead appreciate in value, resulting in a loss to the Fund. The Fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall the borrowed securities at any time. The lender may go bankrupt and the Fund may lose the collateral they have deposited with the lender. The Fund mitigates such risk by depositing collateral only with regulated financial institutions or dealers.

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

The Fund is required to provide the derivative counterparty or clearing corporation with an initial cash margin/collateral on the transaction. On each valuation date, the value of the derivative instrument is compared to the cash margin/collateral balance. Should the derivative arrangement move against it, the Fund will be required to provide additional cash variation margin/collateral. The Fund is required to have sufficient liquid assets to satisfy such calls. In the event it fails to do so, the counterparty may have a right to terminate such derivatives arrangements.

To minimize the risk to the Fund the Manager has implemented a series of controls when engaging in these short sale transactions. Further, the Fund will not deposit collateral with a dealer in Canada unless the dealer is a member of IIROC and a dealer outside of Canada unless the dealer (a) is a member of a stock exchange that requires the dealer to be subjected to a regulatory audit; and (b) has a net worth in excess of \$50 million.

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Market Risk

The Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes and catastrophic events. All investments are exposed to this risk. Market risk can be further sub-divided into 3 categories: currency risk, interest rate risk and price risk.

a) Currency Risk

The Fund may invest in monetary and non-monetary assets and liabilities denominated in currencies other than their functional currency. Currency risk is the risk that the value of foreign instruments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. The Fund may enter into currency forward contracts, currency futures contracts and/or foreign currency option contracts for hedging purposes to reduce their foreign currency risk exposure.

The Currency Risk Tables included in the Fund Specific Notes to the Financial Statements indicate currencies to which the Fund has significant exposure as at the period ended December 31, 2020 in Canadian dollar terms, including the underlying principal amount of any derivative instruments, if applicable. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. The Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate sensitive derivative instruments. Prices of fixed income securities generally increase when interest rates decline and decrease when interest rates rise. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk.

A summary of the Fund's exposure to interest rate risk by the remaining term to maturity of the Fund's portfolio, excluding, preferred shares, cash and overdrafts, as applicable is presented in the Fund Specific Notes to the Financial Statements.

c) Other Price Risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or a market segment.

The Fund's most significant exposure to price risk arises from its investment in equity securities, underlying funds, options on equities, exchange-traded funds/notes and mutual funds and derivatives, as applicable. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for certain derivative contracts such as forwards, swaps, and futures contracts which is equal to their notional values. For written call (put) options, short sales and short futures contracts, as applicable, the possible losses can be unlimited.

The impact as of December 31, 2020, of an increase or decrease of 5% in the Funds' relevant benchmark index is presented in the Fund Specific Notes to the Financial Statements.

Concentration Risk

Concentration risk arises as a result of the concentration of financial instruments within the same category, geographical location, asset type or industry sector, as applicable.

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 mutual 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 portfolios of these mutual funds are less diversified, and therefore are potentially subject to larger changes in value than mutual funds which hold more broadly diversified investment portfolios.

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A summary of the Fund's concentration risk by carrying value as a percentage of net assets is presented in the Fund Specific Notes to the Financial Statements.

Capital Risk Management

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

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

IFRS 13, *Fair Value Measurement*, requires the use and disclosure of a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value of financial instruments. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs. The three level hierarchy based on inputs levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Fair value is based on inputs other than unadjusted quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

Changes in valuation methodology may result in transfers in and out of a level. The Fund's policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The Fund may participate in securities lending and therefore, receive collateral categorized as Level 1 or 2 as defined above. Such collateral is not considered significant to the financial instrument hierarchy of the securities owned by the Fund.

The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments, as applicable are disclosed in the Fund Specific Notes to the Financial Statements.

6. MANAGEMENT FEES AND OTHER EXPENSES

Management Fees

The Manager is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each class of the Fund as a fixed annual percentage of the net asset value of the class on the last Valuation Date of each month and accrued each day the Net Asset Value of the Fund is calculated. The management fees are subject to HST (and any other applicable taxes). The Management fee is payable monthly.

The management fee rates are calculated as a % of the net asset value of the Fund and are disclosed in the Fund Specific Notes to the Financial Statements.

Performance Fees

The Fund will pay the Manager an annual performance fee (the "Performance Fee") on all Series equal to 15% 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" 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 fee, plus the aggregate amount of all distributions previously declared on a per share basis in respect of such series of shares.

Notwithstanding the foregoing, no Performance Fee is payable with respect to any calendar year of the Fund unless the Adjusted Net Asset Value per Share at the end of the calendar 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 5% (the "Hurdle Rate").

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

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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 share 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.

The Performance Fee for the Fund is calculated and accrued each day the Net Asset Value of the Fund is calculated and is subject to HST (and any other applicable taxes), but is only payable at the end of the fiscal year of the Fund based on the actual annual performance of the Fund. The Performance Fee is paid within 15 business days thereafter. 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 share in the same manner as described above.

The Fund will not pay duplicate management, performance and administration fees on the portion of assets that are invested in units/shares of any Arrow underlying funds invested in by the Fund.

Operation and Administration Fees

The Fund is responsible for all operating expenses incurred by or on behalf of the Fund.

At the discretion of the Manager, certain fees may be absorbed by the Manager. During the period ended December 31, 2020 the Manager waived operating expenses as noted in the Statements of Comprehensive Income (Loss).

7. RELATED PARTY TRANSACTIONS

The Manager earns management fees for acting as trustee and manager of the Fund and a fixed administration fee in return for paying certain operating expenses of the Fund as detailed in note 6 Management Fees and Other Expenses. The Manager may also be entitled to earn an annual performance fee based on the performance of the Fund as detailed in note 6. The management fees and performance fees, as applicable, are disclosed in separate lines in the Statements of Comprehensive Income (Loss).

Related Party Share Holdings

The Fund may invest in units or shares of other funds managed by Arrow. A table of investments made by the Fund in other funds managed by Arrow is disclosed in the Fund Specific Notes to the Financial Statements and the Schedule of Investment Portfolio, if applicable.

Distributions received from related party funds are included in "Interest for distribution purposes", "Dividend income" or "Net realized gain (loss) on non-derivative investments".

The Manager of the Fund may, from time to time, make initial investments in certain classes of the Fund to help establish a class or a Fund. The Manager or Directors of the Manager may also make investments in the Fund ("Related Parties"). The number of shares owned by Related Parties as at December 31, 2020 and 2019, are disclosed in the Fund Specific Notes to the Financial Statements.

8. BROKERAGE COMMISSIONS

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services (referred to in the industry as soft dollar arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the portfolio advisor and portfolio sub-advisors with their decision-making services to the Fund or relate directly to the execution of portfolio transaction on behalf of the Fund.

Total commissions paid to dealers for the period ended December 31, 2020 in connection with portfolio transactions are disclosed in the Fund Specific Notes.

9. TAXATION

The Fund is a class of shares of the Company, in addition to the other three Classes. Income, expenses and capital gains and losses of the Fund and the other three Classes are consolidated, as a single entity, in determining the Company's taxable income and amount of taxes payable as a whole. Any taxes payable or recoverable by the Company are allocated to the Fund and the other three Classes and their various series'.

The Company qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act"). The general income tax rules associated with a public corporation apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders, such that in substance the Company is not taxable on capital gains. Similarly, the Company is subject to Part IV tax on dividends received from Canadian corporations, however, they are

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refundable once paid to shareholders. As a result, the Company does not record income taxes related to capital gains and dividends from Canadian corporations.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes. All of the Company's expenses including management fees and operating expenses will be taken into account in determining its overall tax liability, if any.

As of December 31, 2020, the Company has accumulated the following non-capital losses available for utilization against net income for tax purposes in future years and capital losses available for utilization against capital gains. The tax benefit of the non-capital losses has not been reflected in the financial statements.

Tax Expiry Year	Non-Capital Loss*	Capital Loss**
2038	\$635,115	
2037	\$5,111,728	
2036	\$5,885,099	
Total	\$11,631,942	\$nil

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

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

10. FILING EXEMPTION

The Fund is a non-reporting issuer under National Instrument 81-106. There is an exemption in Section 2.11 of National Instrument 81-106 for non-reporting issuers from filing their financial statements with the applicable securities commissions. The Fund is relying on this exemption. The Fund is exempt from the inclusion in the Schedule of Investment Portfolio of the name of the issuers of the securities sold short except for the short positions that exceed 5% of the Fund's net assets.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 29, 2021

TO THE SHAREHOLDERS OF ARROW GLOBAL OPPORTUNITIES CLASS (THE "FUND")

The accompanying audited financial statement has been prepared by Arrow Capital Management Inc. ("Arrow" or the "Manager" of the Fund), and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in this financial statements.

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

PricewaterhouseCoopers LLP is the external auditor of the Fund, appointed by the Shareholders. They have audited the financial statement in accordance with Canadian generally accepted auditing standards to enable them to express to the Shareholders their opinion on the financial statement. Their report is set out on the following page.

"James L. McGovern"

"Robert W. Maxwell"

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

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



Independent auditor's report

To the Shareholders of
Arrow Global Opportunities Class (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020 and its financial performance and its cash flows for the period from June 30, 2020 (inception date) to December 31, 2020 in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at December 31, 2020;
- the statement of comprehensive income (loss) for the period from June 30, 2020 (inception date) to December 31, 2020;
- the statement of changes in net assets attributable to holders of redeemable shares for the period from June 30, 2020 (inception date) to December 31, 2020;
- the statement of cash flows for the period from June 30, 2020 (inception date) to December 31, 2020; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

PricewaterhouseCoopers LLP
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T: +1 416 863 1133, F: +1 416 365 8215



Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 29, 2021