

EXEMPLAR CANADIAN FOCUS PORTFOLIO ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2014

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

Security holders may also contact us using one of these methods to request a copy of the Portfolio's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Portfolio.

Forward-Looking Information

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

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

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

Management Discussion on Fund Performance

Investment Objective and Strategies

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

The Portfolio invests predominantly in large and mid capitalization companies. The Portfolio may also invest in bonds and other debt instruments if warranted by financial conditions. The Portfolio does 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 Portfolio 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 Portfolio engages in short selling of securities which the investment advisor (as defined below) 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 positions in total may not exceed 40% of the Net Asset Value of the Portfolio. The Portfolio may hold cash or invest in short-term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the investment advisor's ongoing evaluation of current and anticipated economic and market conditions. The Portfolio may also invest in foreign securities of the same type and characteristics as described above. The Portfolio may invest in derivatives for hedging and non-hedging purposes as permitted by applicable securities laws. The Portfolio may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

Investment Risk

The risks of investing in the Portfolio remain as stated in the Portfolio's prospectus dated May 14, 2014.

The Portfolio is suitable for clients seeking medium to long-term growth (through capital appreciation) who have a moderate risk tolerance level.

Results of Operations

For the year ended December 31, 2014, Series A Shares of the Portfolio gained 11.3% (24.1% - 2013) while the Canadian benchmark, the S&P/TSX Total Return Index, posted a gain of 10.6% (13.0% - 2013) for the same period. Please refer to the Past Performance section for the performance of the other Series. The performance of the other Series offered by the Portfolio differs from Series A largely because of varying levels of expenses charged to each series, as explained in the Management Fee section.

As of December 31, 2014, 74.0% (80.4% - 2013) of the Portfolio's net assets (where short positions are netted against long positions in each category) were invested in Canadian equities, 4.0% (7.8% - 2013) in U.S. equities, 0.3% (2.3% - 2013) in global equities and 18.4% (9.5% - 2013) in cash.

2014 was a good year for the Portfolio, having achieved low double digit returns, which is in line with the longer term performance objective.

The portfolio was positioned from the beginning of the year to take advantage of the superior US economic growth relative to Canada, as demand for resource exports would suffer as a result of the anemic global economic environment. Not only did we increase holdings of US based companies, we concentrated Canadian holdings in companies with predominant exposure to the US economy. Some of our largest and most successful holdings were Couche-Tard, CCL Industries, Constellation and Boyd Group, which generate majority of their revenues outside Canada. All four stocks performed very well, with their 2014 returns ranging from 44% to 82%.

The strategy of focusing on US consumers paid off especially during the last third of 2014 when energy prices began to collapse. Having watched excess oil inventory buildup and listened to the OPEC rhetoric, we correctly anticipated OPEC's

decision to allow economic forces to restore oil market equilibrium by maintaining current oil production. We have been reducing energy exposure throughout the year which paid off during the sell-off of energy stocks in the latter part of the year.

Looking ahead to next year, we think the current steep oil price decline should act as a global fiscal stimulus. It is worth recalling that almost every past oil price correction of current magnitude eventually resulted in re-acceleration of global growth and resurgence of stock markets around the world. We expect this scenario to play out in the second half of 2015. For now we prefer to stay with our defensive portfolio. A heavy exposure to North American consumer companies makes sense, as consumers will be the main beneficiaries of sustained low energy prices. Our current preference is to focus on companies serving lower-income consumers. They benefit disproportionately from the savings at the gas pump and have a higher propensity to spend these savings. As opportunities present themselves during the year, we will add industrial products and some conservative energy stocks to the portfolio to take advantage of the improved growth environment in the later part of the year.

Recent Developments

On December 2, 2013, Arrow Capital Management Inc. ("Arrow" or the "Manager") acquired all the outstanding shares of BluMont Capital Corporation ("BluMont"), resulting in a change of control of BluMont. On April 1, 2014, Arrow and BluMont amalgamated, continuing under the name "Arrow Capital Management Inc.". At a special meeting of shareholders on November 27, 2013, the shareholders of the Portfolio approved a change of manager from BluMont to Arrow.

Related Party Transactions

As of December 31, 2014, Arrow held 535 Series A Shares and 4,821 Series F Shares of the Portfolio, with a market value of \$107,410. This represents 0.1% of the net assets of the Portfolio.

Management Fees

Arrow receives a monthly management fee (the "Management Fee") subject to HST (and any other applicable sales taxes), calculated as a percentage of the Portfolio's net asset value and is accrued daily and payable monthly. The Management Fee rate applicable to the Portfolio is 1.65% per annum in respect of Series A Shares, 1.95% per annum in respect of Series L Shares and 0.65% per annum in respect of Series F Shares. Shareholders of Series I Shares of the Portfolio pay a negotiated management fee. For the year ended December 31, 2014 the total Management Fee equaled \$1,041,511 (2013 – \$959,366). The management fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the Management Agreement. From this Management Fee, the Manager pays fees to the investment advisor (Arrow, in its capacity as such) who provides portfolio management services to the Portfolio. A portion of the Management Fee paid by the Portfolio is for trailer fees paid to dealers whose clients hold shares of the Portfolio. The trailer fees are a percentage of the net asset value of the Portfolio, calculated and payable monthly. The table below outlines the Portfolio's annual Management Fees and trailer fees.

	Series A Shares	Series F Shares	Series L Shares	Series I Shares
Management Fees <i>(Annual Rate %)</i>	1.65%	0.65%	1.95%	Negotiable
Trailer Fees <i>(rate as % of Management Fees)</i>	45.6%	-	1.6%	-

In addition, the Portfolio pays Arrow performance fees ("Performance Fees") equal to 20% of the amount by which the Portfolio return in a year is in excess of the high water mark (the "High Water Mark"), and no Performance Fee is payable unless a hurdle rate of 6% is achieved in that year. Performance Fees will be payable in all circumstances where the performance of the Portfolio exceeds that of its High Water Mark and its hurdle rate. Please refer to the Portfolio's long form prospectus dated May 14, 2014, for further details relating to Performance Fees. The High Water Mark set as of January 1, 2014 was \$17.5191 for Series A Shares, \$18.3850 for Series F Shares and \$12.3453 for Series L Shares. For the

year ended December 31, 2014, the total Performance Fees equaled \$1,897,371 (2013 - \$3,102,744). Performance Fees are calculated and accrued daily such that, to the extent possible, the share price each day will reflect any Performance Fees payable as at the end of such day. Performance Fees for the Portfolio will be calculated and accrued each day, but will only be payable following the end of the fiscal year of the Portfolio based on the actual annual performance of the Portfolio.

The Manager incurs operating expenses on behalf of the Portfolio and charges these expenses to the Portfolio. For the year ended December 31, 2014, the Manager did not absorb any operating expenses associated with the Fund (2013 - \$70,026).

Financial Highlights

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

SERIES A - NET ASSETS PER SHARE					
For the years ended December 31,					
	2014	2013	2012	2011	2010
Net Assets, beginning of year¹	\$ 17.27	\$ 14.08	\$ 13.50	\$ 14.66	\$ 12.05
Increase (decrease) from operations:					
Total revenue	0.27	0.36	0.42	0.23	0.19
Total expenses	(0.92)	(1.19)	(0.35)	(0.37)	(0.95)
Realized gains (losses) for the year	1.70	0.23	0.13	0.57	0.78
Unrealized gains (losses) for the year	0.96	4.00	0.65	(1.57)	3.00
Total increase (decrease) from operations¹:	\$ 2.01	\$ 3.40	\$ 0.85	\$ (1.14)	\$ 3.02
Distributions²:					
From income (excluding dividends)	(0.21)	(0.25)	(0.32)	(0.13)	(0.09)
From dividends	-	-	-	-	-
Total distributions	(0.21)	(0.25)	(0.32)	(0.13)	(0.09)
Net Assets, end of year¹	\$ 19.01	\$ 17.27	\$ 14.08	\$ 13.50	\$ 14.66

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁷					
For the years ended December 31,					
	2014	2013	2012	2011	2010
Net Asset Value ("NAV") (000s) ¹	\$43,777	\$50,886	\$44,093	\$50,186	\$36,965
Number of shares outstanding	2,302,938	2,946,850	3,191,673	3,704,149	2,515,307
Management expense ratio ³	5.28%	7.71%	2.53%	2.57%	6.6%
Management expense ratio before waivers or absorptions ⁴	5.28%	7.81%	2.66%	2.82%	7.21%
Portfolio turnover rate ⁵	50.95%	71.86%	80.43%	89.28%	107.67%
Trading expense ratio ⁶	0.13%	0.08%	0.10%	0.23%	0.25%

SERIES F - NET ASSETS PER SHARE					
For the years ended December 31,					
	2014	2013	2012	2011	2010
Net Assets, beginning of year¹	\$ 18.12	\$ 14.72	\$ 13.94	\$ 14.97	\$ 12.21
Increase (decrease) from operations:					
Total revenue	0.30	0.40	0.44	0.24	0.19
Total expenses	(1.02)	(1.30)	(0.22)	(0.22)	(0.87)
Realized gains (losses) for the year	1.86	0.25	0.16	0.53	0.81
Unrealized gains (losses) for the year	1.06	4.36	0.55	(1.65)	3.05
Total increase (decrease) from operations¹:	\$ 2.20	\$ 3.71	\$ 0.93	\$ (1.10)	\$ 3.18
Distributions²:					
From income (excluding dividends)	(0.23)	(0.27)	(0.33)	(0.14)	(0.09)
From dividends	-	-	-	-	-
Total distributions	(0.23)	(0.27)	(0.33)	(0.14)	(0.09)
Net Assets, end of year¹	\$ 20.17	\$ 18.12	\$ 14.68	\$ 13.94	\$ 14.97

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2014	2013	2012	2011	2010
Net Asset Value ("NAV") (000s) ¹	\$30,892	\$16,981	\$12,083	\$10,597	\$6,975
Number of shares outstanding	1,531,517	937,084	837,836	\$757,781	464,840
Management expense ratio ³	4.08%	7.12%	1.54%	1.49%	5.9%
Management expense ratio before waivers or absorptions ⁴	4.08%	7.22%	1.67%	1.74%	6.51%
Portfolio turnover rate ⁵	50.95%	71.86%	80.43%	89.28%	107.67%
Trading expense ratio ⁶	0.13%	0.08%	0.10%	0.23%	0.25%

SERIES L - NET ASSETS PER SHARE

For the years ended December 31,

	2014	2013	2012 [†]
Net Assets, beginning of year¹	\$ 12.17	\$ 9.99	\$ 10.00
Increase (decrease) from operations:			
Total revenue	0.17	0.25	0.30
Total expenses	(0.62)	(0.84)	(0.34)
Realized gains (losses) for the year	1.15	0.16	0.27
Unrealized gains (losses) for the year	0.65	2.84	0.07
Total increase (decrease) from operations¹:	\$ 1.35	\$ 2.41	\$ 0.30
Distributions²:			
From income (excluding dividends)	(0.15)	(0.18)	(0.23)
From dividends	-	-	-
Total distributions	(0.15)	(0.18)	(0.23)
Net Assets, end of year¹	\$ 13.39	\$ 12.17	\$ 9.97

SERIES L - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2014	2013	2012 [†]
Net Asset Value ("NAV") (000s) ¹	\$5,617	\$4,056	\$2,052
Number of shares outstanding	419,395	333,295	209,212
Management expense ratio ³	5.23%	8.42%	3.71%*
Management expense ratio before waivers or absorptions ⁴	5.23%	8.53%	3.85%*
Portfolio turnover rate ⁵	50.95%	71.86%	80.43%
Trading expense ratio ⁶	0.13%	0.08%	0.10%*

[†]Series L commenced operations on February 1, 2012.

*Ratios have been annualized.

- The net assets per share shown for December 31, 2014 and December 31, 2013 are referenced to net assets attributable to holders of redeemable shares determined in accordance with International Financial Reporting Standards ("IFRS") and are derived from the Portfolio's audited annual financial statements. The net assets per share shown for prior periods are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Portfolio's audited annual financial statements. The Net Assets presented in the audited annual financial statements may differ from the NAV calculated for fund pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106"), where as Net Assets are calculated in accordance with IFRS/GAAP. An explanation of these differences can be found in the notes to the audited annual financial statements. Net Assets are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.
- Distributions were reinvested in additional shares of the Portfolio.

3. Management expense ratio is based on total expenses (excluding certain taxes, commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106 and therefore includes performance fees, which were previously reported separately as dollar amounts.
4. The Manager has absorbed certain expenses or waived certain fees otherwise payable by the Portfolio. The amount of expenses absorbed or waived is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of its securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by the Portfolio in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Portfolio.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. Ratios and supplemental data, where applicable, are computed using the net asset value of the Portfolio.

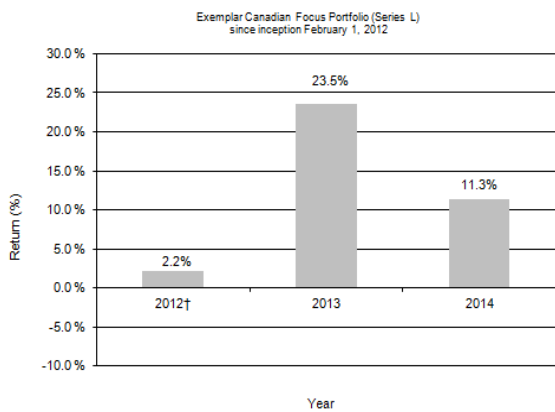
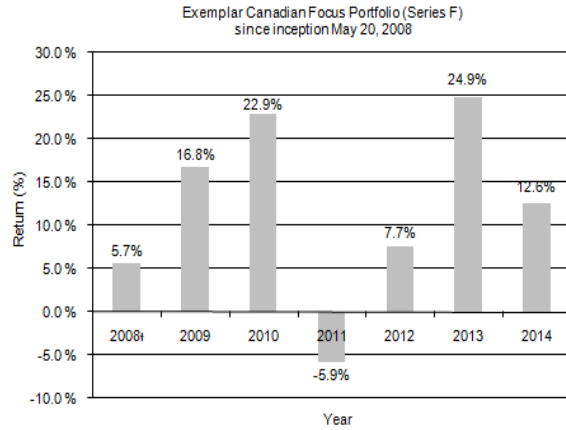
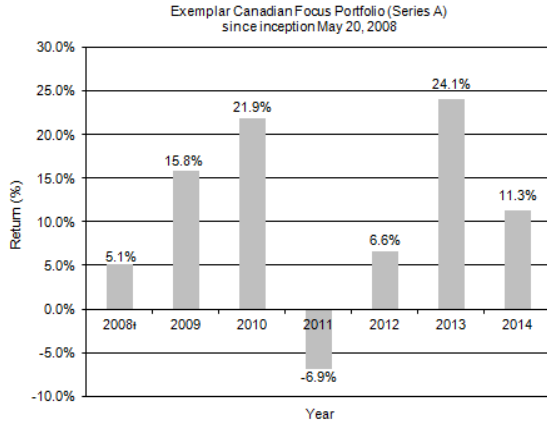
Past Performance

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

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

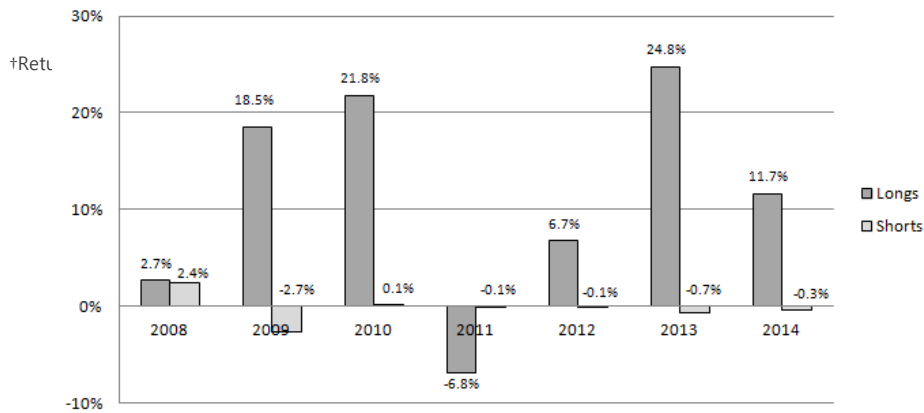
Year-By-Year Returns

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



† Returns shown represent a partial year.

The chart below illustrates the Portfolio's annual returns for Series A Shares by long and short holdings:



Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Portfolio, and for the S&P/TSX Total Return Index Value ("S&P/TSX TRIV") (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange) for the years shown ended December 31, 2014. The Relative Performance returns show the performance of the Portfolio as compared to the benchmark S&P/TSX TRIV.

	1 Year	3 Years	5 Years	Annualized Since Inception
Series A	11.3%	13.8%	10.8%	11.4%
Series F	12.6%	14.8%	11.9%	12.4%
Series L	11.3%	n/a	n/a	11.5%
S&P/TSX TRIV	10.6%	10.2%	7.5%	2.9%

