

EXEMPLAR CANADIAN FOCUS PORTFOLIO ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2018

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. (the "Manager" or "Arrow"), 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5 or by visiting our website at www.arrow-capital.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Portfolio's annual financial reports, 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. It is currently expected that the investments in foreign securities will generally be no more than 49% of the Portfolio's assets. 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 June 8, 2018. There were no material changes to the Portfolio over the year that affected the overall level or risk.

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, 2018, Series F Shares of the Portfolio delivered a loss of 5.6% (6.1% gain in 2017) while the Canadian benchmark, the S&P/TSX Total Return Index, posted a loss of 8.9% (9.1% gain in 2017) for the same year. Please refer to the Past Performance section for the performance of the other Series. The performance of the other Series offered by the Portfolio differs from Series F largely because of varying levels of expenses charged to each series, as explained in the Management Fee section.

The ebullient sentiment of 2017, driven by synchronized global growth, U.S. tax cuts and strong earnings results spilled over into the New Year, driving North American markets to record high levels. The initial euphoria exhausted itself by the end of January as investors faced a series of freshly minted political and economic challenges, principal among them being the growth deceleration among economies outside of the U.S. and the mounting trade tensions. Fears of tariff disputes escalating into trade wars were particularly worrisome to investors, as they have potential to inflict lasting deleterious consequences on economic prospects for years to come. The ensuing uncertainty led to increased market volatility and bouts of sector rotation which by the end of summer nonetheless resolved with markets moving higher, driven by exceptional earnings reports especially from growth and technology companies.

The U.S. central bank's effort to normalize interest rates has been a major concern for investors all year, as they feared the tight monetary policy might cause the yield curve to invert - which has historically preceded every recession. As evidence mounted that the U.S. would be unable to avoid the slowing economic pace gripping the rest of the world, it became the dominant view that the central bank policy lacked the flexibility to navigate the impending slowdown. Combined with stretched stock valuations that became ever more difficult to rationalize, the U.S. stock market finally sold off in the fall. Unlike the prevailing expectations, the sell-off never paused for a Santa Claus rally, but rather spiraled into a December nadir driven by momentum, profit-taking, weak liquidity and year-end maneuvering. The Fund was anticipating the

weakness, having eliminated the majority of smaller cap positions and raising the cash level above 20%. In hindsight a more drastic surgery would have been appropriate, with a much heavier short position in the cyclical and financial sectors.

2019 is likely to be another year of heightened volatility; the upside driven by hopes of a negotiated resolution of the current trade conflict between China and the U.S., and the downside driven by potentially much weaker global economy than currently envisaged. We do not believe there will be a quick resolution of the structural issues that plague the trade relations between the two largest economies. In fact that process could take years to resolve, as the Chinese economy has become dependent on the misappropriated technology it gains from the trading partners. The best case scenario would be for China to narrow the trade deficit with U.S. by agreeing to purchase a larger amount of food and commodity imports from U.S., while continuing to negotiate a solution for the more contentious structural issues. In the absence of such minimal truce, the unresolved trade tensions would inflict additional damage to the global economic health.

The other major uncertainty likely to plague markets is whether the recent sell off has brought valuations to attractive levels. The answer will of course depend on the extent of the global economic weakness. If earnings continue to decelerate throughout the year on lack of economic momentum, the valuations might have to reset lower from current levels. We presently maintain a defensive positioning in the portfolio. Current market strength is allowing us to eliminate the remaining cyclical sector exposure while increasing exposure to defensive sectors - while maintain a healthy cash position. Going into 2019, we will look to increase our share positions and try to position the Fund more defensively based on where we are in the cycle.

Recent Developments

There are no recent developments for the Portfolio.

Related Party Transactions

As of December 31, 2018, Arrow held 560 Series A Shares and 5,045 Series F Shares of the Portfolio, with a market value of \$114,950. 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, 2018 the total Management Fee equaled \$1,185,586 (\$1,579,560 in 2017). The management fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the Management Agreement. 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>	59.7%	-	37.2%	-

*Trailer fees calculation was changed from fund based to series based in 2018.

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 June 8, 2018, for further details relating to Performance Fees. The High Water Mark set as of January 1, 2018 was \$20.55 for Series A Shares, \$22.14 for Series F Shares and \$14.35 for Series L Shares. For the year ended December 31, 2018, the total Performance Fees equaled \$94,755 (\$903,830 in 2017). 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.

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,					
	2018	2017	2016	2015	2014
Net Assets, beginning of year¹	\$ 20.55	\$ 19.64	\$ 19.85	\$ 19.01	\$ 17.27
Increase (decrease) from operations:					
Total revenue	0.30	0.34	0.21	0.33	0.27
Total expenses	(0.54)	(0.52)	(0.47)	(0.52)	(0.92)
Realized gains (loss)	2.50	0.59	0.59	1.04	1.70
Unrealized gains (loss)	(3.45)	0.70	(0.34)	0.27	0.96
Total increase (decrease) from operations¹:	\$ (1.19)	\$ 1.11	\$ (0.01)	\$ 1.12	\$ 2.01
Distributions²:					
From dividends	(0.22)	(0.28)	(0.11)	(0.11)	(0.21)
From capital gains	-	-	-	(0.19)	-
Total distributions	\$ (0.22)	\$ (0.28)	\$ (0.11)	\$ (0.30)	\$ (0.21)
Net Assets, end of year¹	\$ 19.00	\$ 20.55	\$ 19.64	\$ 19.85	\$ 19.01

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁷					
For the years ended December 31,					
	2018	2017	2016	2015	2014
Net Asset Value ("NAV") (000s) ¹	\$34,455	\$46,397	\$60,940	\$53,660	\$43,777
Number of shares outstanding	1,813,439	2,257,526	3,103,173	2,702,715	2,302,938
Management expense ratio ^{3 8}	2.43%	2.44%	2.31%	2.74%	5.27%
Management expense ratio before waivers or absorptions ^{4 8}	2.43%	2.44%	2.31%	2.74%	5.27%
Portfolio turnover rate ⁵	36.14%	59.00%	70.39%	51.80%	50.95%
Trading expense ratio ^{6 8}	0.16%	0.09%	0.08%	0.05%	0.14%
Net asset value per share	\$19.00	\$20.55	\$19.64	\$19.85	\$19.01

SERIES F - NET ASSETS PER SHARE					
For the years ended December 31,					
	2018	2017	2016	2015	2014
Net Assets, beginning of year¹	\$ 22.14	\$ 21.14	\$ 21.16	\$ 20.17	\$ 18.12
Increase (decrease) from operations:					
Total revenue	0.32	0.37	0.24	0.34	0.30
Total expenses	(0.35)	(0.54)	(0.28)	(0.55)	(1.02)
Realized gains (loss)	2.71	0.64	0.62	1.08	1.86
Unrealized gains (loss)	(3.83)	0.79	(0.20)	0.30	1.06
Total increase (decrease) from operations¹:	\$ (1.15)	\$ 1.26	\$ 0.38	\$ 1.17	\$ 2.20
Distributions²:					
From dividends	(0.24)	(0.30)	(0.12)	(0.12)	(0.23)
From capital gains	-	-	-	(0.20)	-
Total distributions	\$ (0.24)	\$ (0.30)	\$ (0.12)	\$ (0.32)	\$ (0.23)
Net Assets, end of year¹	\$ 20.68	\$ 22.14	\$ 21.14	\$ 21.16	\$ 20.17

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015	2014
Net Asset Value ("NAV") (000s) ¹	\$48,786	\$70,809	\$95,701	\$60,501	\$30,892
Number of shares outstanding	2,359,677	3,198,223	4,526,287	2,859,550	1,531,517
Management expense ratio ^{3 8}	1.38%	2.45%	1.26%	2.10%	4.07%
Management expense ratio before waivers or absorptions ^{4 8}	1.38%	2.45%	1.26%	2.10%	4.07%
Portfolio turnover rate ⁵	36.14%	59.00%	70.39%	51.80%	50.95%
Trading expense ratio ^{6 8}	0.16%	0.09%	0.08%	0.05%	0.14%
Net asset value per share	\$20.68	\$22.14	\$21.14	\$21.16	\$20.17

SERIES L - NET ASSETS PER SHARE

For the years ended December 31,

	2018	2017	2016	2015	2014
Net Assets, beginning of year¹	\$ 14.35	\$ 13.75	\$ 13.94	\$ 13.39	\$ 12.17
Increase (decrease) from operations:					
Total revenue	0.21	0.24	0.15	0.19	0.17
Total expenses	(0.42)	(0.40)	(0.37)	(0.31)	(0.62)
Realized gains (loss)	1.74	0.42	0.41	0.61	1.15
Unrealized gains (loss)	(2.30)	0.52	(0.16)	0.16	0.65
Total increase (decrease) from operations¹:	\$ (0.77)	\$ 0.78	\$ 0.03	\$ 0.65	\$ 1.35
Distributions²:					
From dividends	(0.15)	(0.19)	(0.08)	(0.08)	(0.15)
From capital gains	-	-	-	(0.13)	-
Total distributions	\$ (0.15)	\$ (0.19)	\$ (0.08)	\$ (0.21)	\$ (0.15)
Net Assets, end of year¹	\$ 13.23	\$ 14.35	\$ 13.75	\$ 13.94	\$ 13.39

SERIES L - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015	2014
Net Asset Value ("NAV") (000s) ¹	\$5,538	\$8,266	\$10,286	\$8,643	\$5,617
Number of shares outstanding	418,512	575,983	748,245	619,909	419,395
Management expense ratio ^{3 8}	2.73%	2.68%	2.61%	2.78%	5.22%
Management expense ratio before waivers or absorptions ^{4 8}	2.73%	2.68%	2.61%	2.78%	5.22%
Portfolio turnover rate ⁵	36.14%	59.00%	70.39%	51.80%	50.95%
Trading expense ratio ^{6 8}	0.16%	0.09%	0.08%	0.05%	0.14%
Net asset value per share	\$13.23	\$14.35	\$13.75	\$13.94	\$13.39

**Ratios have been annualized.*

1. The net assets per share shown are referenced to net assets attributable to holders of redeemable shares determined in accordance with International Financial Reporting Standards ("IFRS") and are derived from the Portfolio's financial statements. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.
2. Distributions, if applicable, were reinvested in additional shares of the Portfolio at the discretion of the underlying shareholders.
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 may absorb certain expenses or waive certain fees otherwise payable by the Portfolio. The amount of expenses absorbed or waived (if applicable) is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
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.
8. The management expense ratio, management expense ratio before waivers or absorptions and trading expense ratio for the years ended 2016, 2015, 2014 and 2013 have been restated to reflect the reclassification of certain custodial transaction costs related to the purchase and sale of securities.

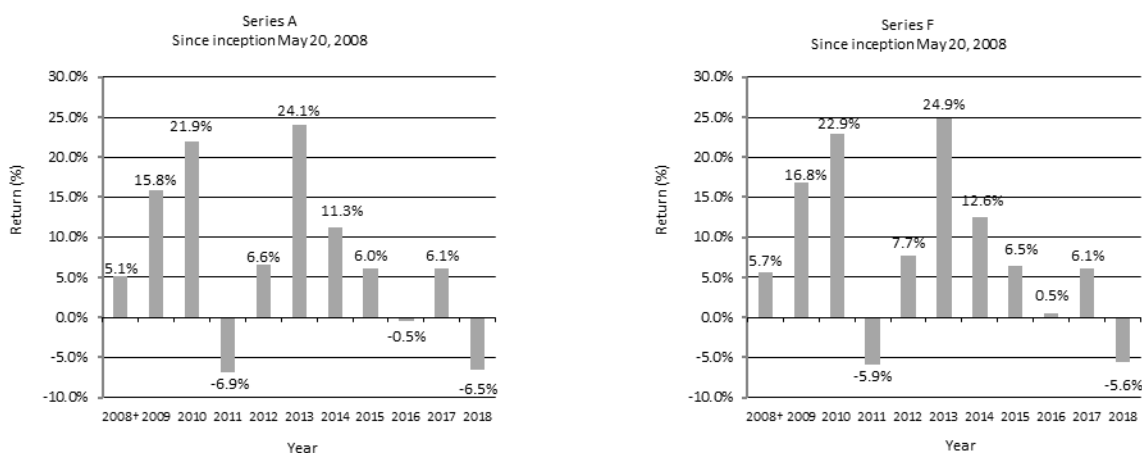
Past Performance

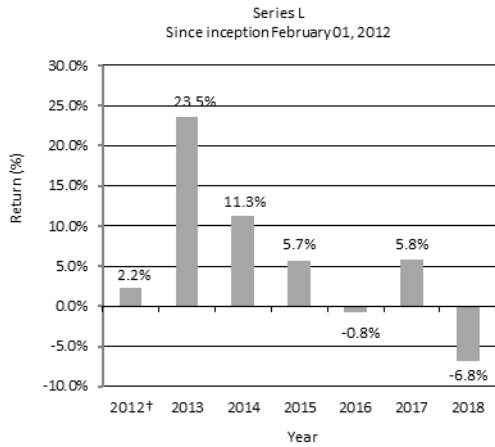
The performance information shown below assumes that all distributions, if any, made by the Portfolio in the periods shown were reinvested in additional shares of the Portfolio. If you hold the Portfolio outside a registered plan, you will be taxed on distributions. Distributions of income the Portfolio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

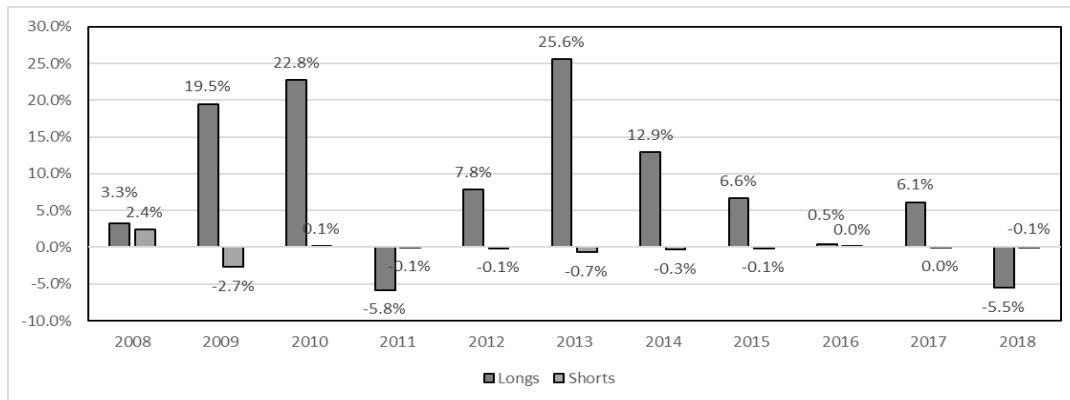
Year-By-Year Returns

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.





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



†Returns shown represent a partial year

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Portfolio, and for its benchmark, the S&P/TSX Total Return Index Value ("S&P/TSX TRIV") (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange), for the year ended December 31, 2018. 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	10 Years	Annualized Since Inception
Series A	(6.5%)	(0.5%)	3.1%	7.3%	7.4%
Series F	(5.6%)	0.2%	3.8%	8.2%	8.2%
Series L	(6.8%)	(0.7%)	2.8%	N/A	5.6%
S&P/TSX TRIV	(8.9%)	6.4%	4.1%	7.9%	2.8%

Summary of Investment Portfolio as at December 31, 2018

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

Industry Sector	Exposure (%)		Top 25 Holdings	%
	Long	Short		
Communication Services	0.8	0.0	Cash and Cash Equivalent	39.4%
Consumer Discretionary	3.4	(0.4)	Boyd Group Income Fund	7.1%
Consumer Staples	3.4	0.0	StorageVault Canada Inc.	2.5%
Energy	5.9	0.0	Burford Capital Ltd.	2.5%
Financials	4.9	(0.1)	CCL Industries Inc., Class 'B'	2.4%
Funds	3.7	(1.6)	Zoetis Inc.	1.9%
Health Care	3.1	0.0	AG Growth International Inc.	1.7%
Industrials	15.2	(0.1)	Brookfield Infrastructure Partners L.P.	1.6%
Information Technology	10.5	0.0	Descartes Systems Group Inc. (The)	1.5%
Materials	5.1	0.0	Shopify Inc., Class 'A'	1.5%
Real Estate	2.8	0.0	TransCanada Corp.	1.5%
Utilities	4.4	0.0	Brookfield Infrastructure Partners L.P.	1.5%
Cash and Cash Equivalents	39.4	-	Park Lawn Corp.	1.5%
Other Net Assets	-	(0.4)	Visa Inc., Class 'A'	1.5%
			Canadian Pacific Railway Ltd.	1.5%
Totals	102.6	(2.6)	Parex Resources Inc.	1.4%
			Northland Power Inc.	1.3%
			WSP Global Inc.	1.3%
			Adobe Inc.	1.0%
			E*TRADE Financial Corp.	1.0%
			SPDR Gold Shares	0.9%
			Square Inc., Class 'A'	0.9%
			Kirkland Lake Gold Ltd.	0.9%
			Morneau Shepell Inc.	0.9%
			CAE Inc.	0.8%
			Total (%)	80.0%
			Total Net Asset Value (in \$ millions)	88.8