

EXEMPLAR GROWTH AND INCOME FUND

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 Growth and Income Fund (the "Fund"). If you have not received a copy of the annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the annual financial statements, at no cost, by calling 877.327.6048, by writing to us at Arrow Capital Management Inc. (the "Manager" or "Arrow"), 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5 or by visiting our website at www.arrow-capital.com or SEDAR at www.sedar.com.

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

Forward-Looking Information

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

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

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

Management Discussion on Fund Performance

Investment Objective and Strategies

The investment objective of the Fund is to achieve long term growth and preservation of capital. The Fund may invest up to all of its assets in a diversified mix of other mutual funds (in order to gain indirect exposure to securities that the Fund would otherwise directly invest in), and may also invest in common shares, preferred shares, treasury bills, short-term notes, debentures, and bonds. The Fund invests primarily in Canadian securities.

To achieve the investment objective, the Manager utilizes the following allocation guidelines: 30-90% equity securities, 10-50% fixed income securities and 0-50% money market instruments. Fixed income securities may include investment grade, non-investment grade and distressed fixed income securities, issued by Canadian or non-Canadian corporations, trusts and international agencies and governments. The Fund is also permitted to invest in convertible bonds and debentures, loans, preferred shares, exchange traded funds and equities. The Fund may also hold cash. To achieve these target ranges, the Fund may invest in either individual securities or the Manager may invest up to 100% of the assets of the Fund in underlying funds.

The Fund may invest in foreign securities to an extent that will vary from time to time but is not typically expected to exceed 49% of its assets at the time that foreign securities are purchased, however, as the Fund intends to invest certain of its assets in securities of other investment funds that may themselves invest in foreign securities, the actual exposure of the Fund to investments in foreign securities may exceed this amount. The Fund 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 Fund remain as stated in the Fund's simplified prospectus. There were no material changes to the Fund over the year that affected the overall level of risk.

This Fund is suitable for investors who are able to accept a low-to-medium degree of risk and are prepared to invest for medium to long years of time.

Results of Operations

For the year ended December 31, 2018, Series F units of the Fund posted a gain of 3.1% (gain of 15.1% in 2017) while its benchmark (80% S&P/TSX, 20% FTSE/TMX Canada Universe Bond Index) posted a loss of 6.8% over the same year (gain of 7.8% in 2017). Please refer to the "Past Performance" section for performance information of the other series. The performance of the other series of the Fund differs from Series F units due largely to a varying level of expenses charged to each series, as explained in the Management Fees section.

The Fund is very active in terms of its positioning and adapts to market conditions in order to try and obtain the best risk reward tradeoff for our unit holders. This is done through a top down and bottom up process.

The top down incorporates our views on the political economy in Canada, the U.S. and elsewhere along with valuation and momentum in the four principal asset classes that we invest in – namely: cash, foreign exchange, government/corporate bonds and equities (Canada, U.S. and foreign). Our process focuses on forecasting growth and inflation two quarters out. Our process generated excess returns by identifying correctly when to shift from equities to bonds and holding a large portion of the Fund in U.S. dollars.

In 2019, we expect that equity markets will be challenged and volatile. Bonds are likely to do well in the first half of the year along with gold. The trend has been for higher wages and with economic growth decelerating we anticipate companies to experience an operating margin squeeze. In addition, company debt levels have increased this cycle and as that debt matures it will be renewed at higher rates, again impacting operating margins. Not all companies will experience difficulty growing their earnings. Now is the time to focus on quality companies with predictable earning streams and stable dividends. Both the Fed and Bank of Canada have likely stopped raising interest rates. However, previous rate hikes will only be impacting the economy this year as mortgages and consumer debt is refinanced. Inflation is poised to bottom in the 1st quarter.

In the bottom up process, we focus on industries and the drivers of their returns. Within our equity allocation, we look at the eleven principal sub groups in the Fund: financials, industrials, technology, utilities, consumer staples, consumer discretionary, healthcare, materials, real estate, telecommunications and energy. Our job is to select the best sectors to be in and rotate between them when market conditions dictate. We can use both sector ETF's and individual equities to gain exposure. We tend to have higher weights in the U.S. when sectors such as technology and healthcare appear to be the most attractive. We ended 2018 with the highest allocations to Basic Materials, REITS and Utilities.

Finally, each sector has its own dynamic mix of macro, policy and idiosyncratic factors. We have a very strong stock selection team here at Arrow and we take full advantage of that opportunity. Within each sector there are often a good number of sub sectors – for example, in materials we made solid returns in the fertilizer sector with Nutrien (NTR) and in gold with Kirkland Lake (KL); in industrials we made solid gains in trucking with TransForce (TFII); in Energy with Suncor and Parkland (SU/PKI); in marijuana with Neptune and Green Thumb (NEPT/GTII) and finally software with Microsoft (MSFT).

In 2018, the asset allocation was the key to our success. The portfolio was skewed toward equities in the first half of the year (80%) and by the 4th quarter we were less than (40%). The correction in the 4th quarter to equities was avoided in our portfolio as bonds and our foreign exchange exposure to U.S. dollars more than offset the decline of our equity portfolio. As we noted earlier, we expect this year to be challenging but also believe this is where we can add more value. Volatility should provide more opportunities in 2019.

We are quite confident in how the Fund is presently invested and with the tools we have at our disposal to make tactical shifts quickly based upon changing market conditions. We will strive to continue to outperform our benchmark with solid security selection and nimble tactical asset allocation which we believe will be a significant advantage versus traditional balanced funds.

Recent Developments

On July 20, 2018, the Fund launched Series ETF, an exchange traded series which trades on the Toronto Stock Exchange under the ticker EGIF.

Effective October 1, 2018, Management fee rates were reduced by 20bps except for Series I which remains negotiable. The management fee rates for Series A and Series AN is 1.80% (from 2.0%); Series F and Series FN is 0.80% (from 1.0%); Series L and Series LN is 2.10% (from 2.30%).

Related Party Transactions

The Manager invests in units of the Fund. As of December 31, 2018, the number of units owned by the Manager and related parties is summarized as follows:

	Number of units	Amount (\$)	% of net assets attributable to holders of redeemable units
Series A	4,096	43,090	0.1
Series FN	369,982	4,028,359	7.0
Series ETF	500	10,115	0.0

As of December 31, 2018, the Fund invested in 102,400 units of Exemplar Investment Grade Fund ETF, with a market value of \$1,994,752. This represents 3.5% of the net assets of the Fund.

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 Fund's net asset value as of the close of business on each business day. The Management Fee rate applicable to Series A units and Series AN units is equal to 1.80% per annum. The Management Fee rate applicable to Series F units and Series FN units is equal to 0.80% per annum. The Management Fee rate applicable to Series L units and Series LN units is equal to 2.10% per annum. The Fund is also authorized to issue Series I units, for which the Management Fee is negotiable between Arrow and the dealer.

For the year ended December 31, 2018, Management Fees charged to the Fund equaled \$476,026 (\$277,356 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 Fund is for trailer fees paid to dealers whose clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund's annual Management Fees and trailer fees.

ANNUAL RATE (%)	Series A, AN	Series F, FN, ETF	Series L, LN	Series I
Management Fees <i>(Annual Rate)</i>	1.8%	0.8%	2.1%	Negotiable
Trailer Fees* <i>(as a % of Management Fees)</i>	52.1%	-	16.2%	-

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

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the year ended December 31, 2018, the Manager has, in its discretion, agreed to absorb \$137,908 (\$107,806 in 2017) of operating expenses associated with the Fund.

Financial Highlights

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

SERIES A - NET ASSETS PER UNIT				
For the years ended December 31,				
	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹	\$ 10.63	\$ 10.43	\$ 10.05	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.27	0.29	0.15	(0.16)
Total expenses	(0.33)	(0.37)	(0.34)	0.61
Realized gains (loss)	0.46	1.37	0.75	(0.95)
Unrealized gains (loss)	(0.09)	0.12	0.39	0.28
Total increase (decrease) from operations¹:	\$ 0.31	\$ 1.41	\$ 0.95	\$ (0.22)
Distributions²:				
From income (excluding dividends)	-	(0.06)	-	-
From capital gains	-	(1.00)	(0.57)	(0.19)
From return of capital	0.32	(0.14)	-	(0.04)
Total distributions	\$ 0.32	\$ (1.20)	\$ (0.57)	\$ (0.23)
Net Assets, end of year¹	\$ 10.52	\$ 10.63	\$ 10.43	\$ 10.05

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$24,634	\$10,812	\$3,850	\$3,822
Number of units outstanding	2,341,565	1,017,162	369,276	380,417
Management expense ratio ^{3,8}	2.47%	2.48%	2.52%	2.34%*
Management expense ratio before waivers or absorptions ^{4,8}	2.87%	3.08%	3.69%	7.18%*
Portfolio turnover rate ⁵	1059.02%	1045.64%	1048.66%	741.03%
Trading expense ratio ^{6,8}	0.69%	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.52	\$10.63	\$10.43	\$10.05

SERIES AN - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹	\$ 10.64	\$ 10.45	\$ 10.11	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.28	0.29	0.14	0.03
Total expenses	(0.34)	(0.37)	(0.35)	(0.08)
Realized gains (loss)	0.45	1.29	0.87	0.12
Unrealized gains (loss)	(0.06)	0.14	0.43	(0.04)
Total increase (decrease) from operations¹:	\$ 0.33	\$ 1.35	\$ 1.09	\$ 0.03
Distributions²:				
From income (excluding dividends)	-	(0.07)	-	-
From capital gains	0.20	(1.03)	(0.61)	(0.04)
From return of capital	-	(0.14)	-	-
Total distributions	\$ 0.20	\$ (1.24)	\$ (0.61)	\$ (0.04)
Net Assets, end of year¹	\$ 10.66	\$ 10.64	\$ 10.45	\$ 10.11

SERIES AN - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$5,651	\$1,470	\$1,757	\$389
Number of units outstanding	530,335	138,077	168,085	38,453
Management expense ratio ^{3,8}	2.47%	2.54%	2.60%	2.38%*
Management expense ratio before waivers or absorptions ^{4,8}	2.87%	3.14%	3.77%	7.28%*
Portfolio turnover rate ⁵	1059.02%	1045.64%	1048.66%	741.03%
Trading expense ratio ^{6,8}	0.69%	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.66	\$10.64	\$10.45	\$10.11

SERIES F - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹	\$ 10.50	\$ 10.32	\$ 9.96	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.27	0.29	0.17	0.22
Total expenses	(0.21)	(0.25)	(0.24)	(0.83)
Realized gains (loss)	0.50	1.33	0.75	1.28
Unrealized gains (loss)	0.04	0.11	0.41	(0.38)
Total increase (decrease) from operations¹:	\$ 0.60	\$ 1.48	\$ 1.09	\$ 0.29
Distributions²:				
From income (excluding dividends)	-	(0.08)	-	-
From capital gains	0.32	(1.08)	(0.68)	(0.36)
From return of capital	-	(0.17)	-	(0.04)
Total distributions	\$ 0.32	\$ (1.33)	\$ (0.68)	\$ (0.40)
Net Assets, end of year¹	\$ 10.50	\$ 10.50	\$ 10.32	\$ 9.96

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$11,407	\$2,309	\$919	\$1,180
Number of units outstanding	1,086,602	219,985	88,998	118,491
Management expense ratio ^{3 8}	1.39%	1.44%	1.56%	1.23%*
Management expense ratio before waivers or absorptions ^{4 8}	1.79%	2.04%	2.73%	4.49%*
Portfolio turnover rate ⁵	1059.02%	1045.64%	1048.66%	741.03%
Trading expense ratio ^{6 8}	0.69%	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.50	\$10.50	\$10.32	\$9.96

SERIES FN - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹	\$ 10.81	\$ 10.61	\$ 10.25	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.28	0.30	0.16	0.08
Total expenses	(0.24)	(0.26)	(0.26)	(0.28)
Realized gains (loss)	0.43	1.36	0.81	0.43
Unrealized gains (loss)	(0.09)	0.19	0.39	(0.13)
Total increase (decrease) from operations¹:	\$ 0.38	\$ 1.59	\$ 1.10	\$ 0.10
Distributions²:				
From income (excluding dividends)	-	(0.08)	-	-
From capital gains	0.26	(1.12)	(0.73)	(0.08)
From return of capital	-	(0.17)	-	-
Total distributions	\$ 0.26	\$ (1.37)	\$ (0.73)	\$ (0.08)
Net Assets, end of year¹	\$ 10.89	\$ 10.81	\$ 10.61	\$ 10.25

SERIES FN - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$11,357	\$8,581	\$5,196	\$3,225
Number of units outstanding	1,043,110	793,393	489,600	314,537
Management expense ratio ^{3 8}	1.44%	1.46%	1.56%	1.25%*
Management expense ratio before waivers or absorptions ^{4 8}	1.84%	2.06%	2.73%	4.55%*
Portfolio turnover rate ⁵	1059.02%	1045.64%	1048.66%	741.03%
Trading expense ratio ^{6 8}	0.69%	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.89	\$10.81	\$10.61	\$10.25

SERIES L - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹	\$ 10.43	\$ 10.21	\$ 9.82	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.27	0.28	0.16	-
Total expenses	(0.35)	(0.39)	(0.36)	(0.02)
Realized gains (loss)	0.48	1.32	0.80	0.03
Unrealized gains (loss)	(0.12)	0.24	0.42	(0.01)
Total increase (decrease) from operations¹:	\$ 0.28	\$ 1.45	\$ 1.02	\$ -
Distributions²:				
From income (excluding dividends)	-	(0.06)	-	-
From capital gains	0.32	(0.95)	(0.54)	(0.19)
From return of capital	-	(0.11)	-	(0.04)
Total distributions	\$ 0.32	\$ (1.12)	\$ (0.54)	\$ (0.23)
Net Assets, end of year¹	\$ 10.29	\$ 10.43	\$ 10.21	\$ 9.82

SERIES L - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$1,167	\$465	\$266	\$85
Number of units outstanding	113,348	44,531	26,060	8,642
Management expense ratio ^{3 8}	2.76%	2.76%	2.82%	2.72%*
Management expense ratio before waivers or absorptions ^{4 8}	3.17%	3.36%	3.99%	8.10%*
Portfolio turnover rate ⁵	1059.02%	1045.64%	1048.66%	741.03%
Trading expense ratio ^{6 8}	0.69%	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.29	\$10.43	\$10.21	\$9.82

SERIES LN - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹	\$ 10.70	\$ 10.45	\$ 10.11	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.28	0.29	0.16	0.06
Total expenses	(0.37)	(0.40)	(0.40)	(0.22)
Realized gains (loss)	0.56	1.33	0.87	0.34
Unrealized gains (loss)	(0.12)	0.13	0.41	(0.10)
Total increase (decrease) from operations¹:	\$ 0.35	\$ 1.35	\$ 1.04	\$ 0.08
Distributions²:				
From income (excluding dividends)	-	(0.06)	-	-
From capital gains	0.18	(0.99)	(0.57)	(0.04)
From return of capital	-	(0.11)	-	-
Total distributions	\$ 0.18	\$ (1.16)	\$ (0.57)	\$ (0.04)
Net Assets, end of year¹	\$ 10.70	\$ 10.70	\$ 10.45	\$ 10.11

SERIES LN - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$707	\$238	\$113	\$51
Number of units outstanding	66,088	22,287	10,852	5,062
Management expense ratio ^{3 8}	2.75%	2.77%	3.01%	2.83%*
Management expense ratio before waivers or absorptions ^{4 8}	3.16%	3.37%	4.19%	8.38%*
Portfolio turnover rate ⁵	1059.02%	1045.64%	1048.66%	741.03%
Trading expense ratio ^{6 8}	0.69%	0.98%	1.27%	1.47%*
Net asset value per unit	\$10.70	\$10.70	\$10.45	\$10.11

SERIES ETF - NET ASSETS PER UNIT

For the years ended December 31,

	2018 [†]
Net Assets, beginning of year¹	\$ 20.00
Increase (decrease) from operations:	
Total revenue	0.26
Total expenses	(0.23)
Realized gains (loss)	0.64
Unrealized gains (loss)	(0.03)
Total increase (decrease) from operations¹:	\$ 0.64
Distributions²:	
From income (excluding dividends)	-
From capital gains	0.20
From return of capital	-
Total distributions	\$ 0.20
Net Assets, end of year¹	\$ 20.23

SERIES ETF - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018†
Net Asset Value ("NAV") (000s) ¹	\$2,529
Number of units outstanding	125,000
Management expense ratio ^{3,8}	1.43%
Management expense ratio before waivers or absorptions ^{4,8}	2.32%
Portfolio turnover rate ⁵	1059.02%
Trading expense ratio ^{6,8}	0.69%
Net asset value per unit	\$20.23

†The Fund was launched on March 16, 2015. Series A and F units began operations on March 24, 2015. Series AN units began operations on April 8, 2015. Series FN units began operations on April 2, 2015. Series L units began operations on April 13, 2015. Series LN units began operations on May 14, 2015. Series I units began operations on November 30, 2015. Series ETF began operations on July 20, 2018.

*Ratios have been annualized.

1. The net assets per unit shown are referenced to net assets attributable to holders of redeemable units determined in accordance with International Financial Reporting Standards ("IFRS") and are derived from the Fund's financial statements. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
2. Distributions, if any, were reinvested in additional units of the Fund at the discretion of the underlying unitholders.
3. Management expense ratio is based on total expenses (excluding certain taxes, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
4. The Manager has absorbed certain expenses or waived certain fees otherwise payable by the Fund. 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 Fund's portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.
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 Fund.
8. The management expense ratio, management expense ratio before waivers or absorptions and trading expense ratio for the years ended 2016 and 2015 have been restated to reflect the reclassification of certain custodial transaction costs related to the purchase and sale of securities.

Past Performance

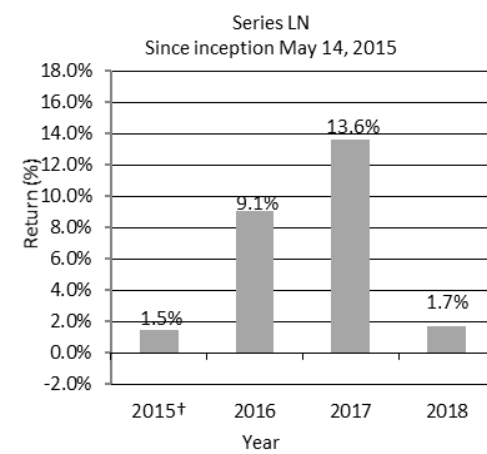
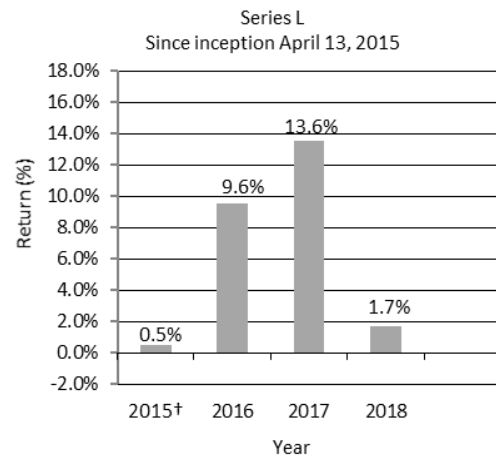
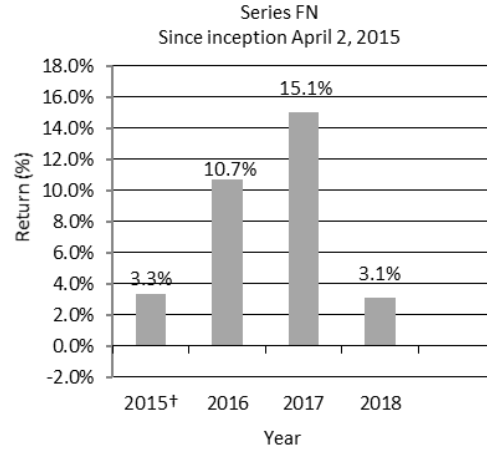
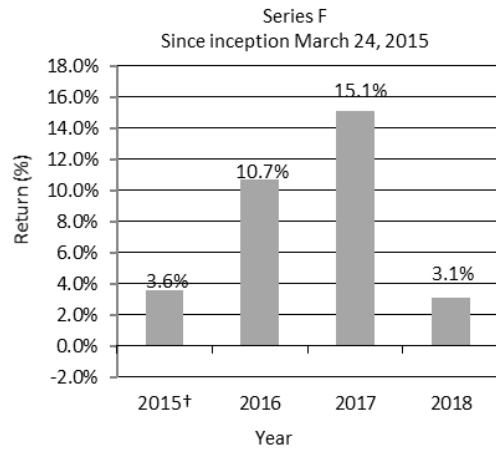
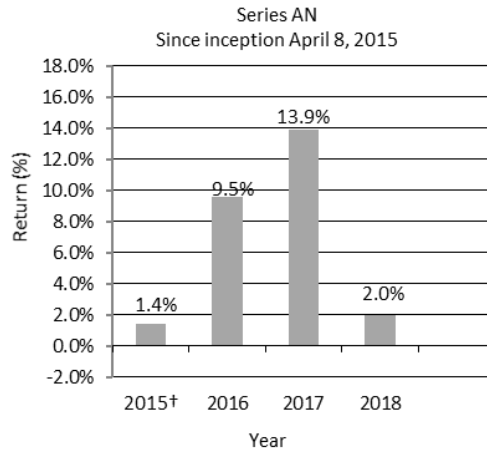
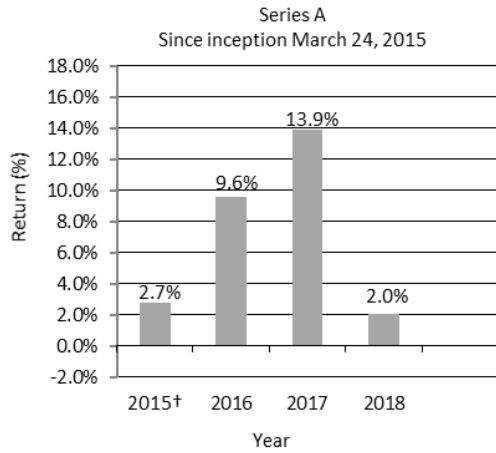
The performance information shown below assumes that all distributions, if any, made by the Fund in the year shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital gains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

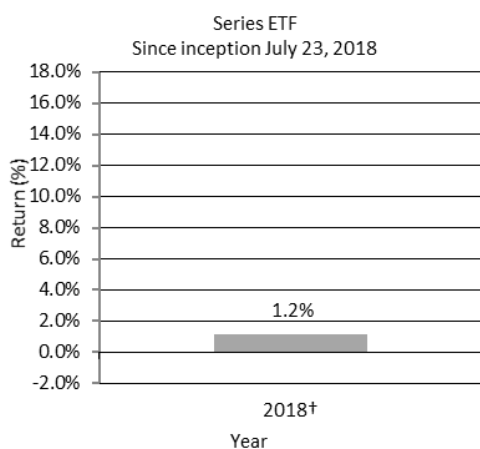
The indicated rates of return are historical annual compounded total returns including changes in unit value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or

performance. An investment in the Fund is not guaranteed. Its value changes frequently and how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

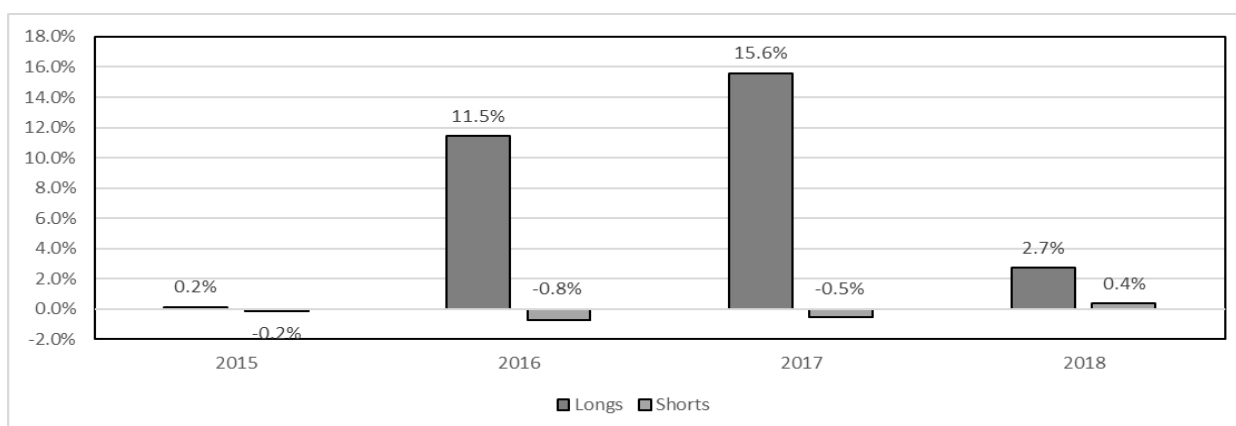
Year-By-Year Returns

The bar chart below illustrates the Fund's performance for the years shown. It shows, in percentage terms, how much an investment made on the first day of each financial year (or since inception) would have grown or decreased.





The chart below illustrates the Fund's returns for Series F for the year ended December 31, 2018 and for the years ended December 31 for the Fund units by long and short holdings:



†Returns shown represent a partial year.

Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund and for its blended benchmark (80% S&P/TSX, 20% FTSE TMX Canada Universe Bond Index, rebalanced monthly) for the years shown ended December 31, 2018. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

	1 Year	3 Years	Annualized Since Inception
Series A	2.0%	8.4%	7.4%
Series AN	2.0%	8.4%	7.4%
Series F	3.1%	9.5%	8.5%
Series FN	3.1%	9.5%	8.6%
Series L	1.7%	8.2%	7.2%
Series LN	1.7%	8.0%	6.6%
Series ETF	N/A	N/A	3.4%*
Blended Benchmark	(6.8%)	5.5%	1.5%

*Series ETF units commenced operations on July 23, 2018, therefore the % shown is cumulative from July 23 to December 31, 2018.

Summary of Investment Portfolio as at December 31, 2018

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

Industry Sector	Exposure (%)		Top 25 Holdings	%
	Long	Short		
Communication Services	1.2	-	Cash and Cash Equivalents	25.1%
Consumer Discretionary	2.4	-	iShares 7-10 Year Treasury Bond ETF	19.1%
Consumer Staples	4.1	-	iShares Barclays 3-7 Year Treasury Bond Fund	5.1%
Energy	4.5	-	iShares Barclays 1-3 Year Treasury Bond Fund	5.0%
Financials	2.6	-	Exemplar Investment Grade Fund ETF	3.5%
Funds	41.2	(0.4)	iShares 20+ Year Treasury Bond ETF	3.5%
Health Care	3.2	-	SPDR Gold Shares	1.4%
Industrials	2.5	-	iShares S&P/TSX Global Gold Index ETF	1.2%
Information Technology	1.3	(0.5)	Canadian Apartment Properties REIT	1.2%
Materials	3.4	-	Fortis Inc.	1.0%
Real Estate	4.9	-	Toronto-Dominion Bank (The)	0.8%
Utilities	4.4	-	Canadian Natural Resources Ltd.	0.8%
Derivatives	0.7	(0.1)	Canadian Pacific Railway Ltd.	0.8%
Cash and Cash Equivalents	25.0	-	Gildan Activewear Inc.	0.7%
Other Net Assets	-	(0.4)	Allied Properties REIT	0.7%
			Thermo Fisher Scientific Inc.	0.7%
Total	101.4	(1.4)	Superior Plus Corp.	0.7%
			Inter Pipeline Ltd.	0.7%
			InterRent REIT	0.6%
			Alimentation Couche-Tard Inc., Class 'B'	0.6%
			George Weston Ltd.	0.6%
			Algonquin Power & Utilities Corp.	0.6%
			Minto Apartment REIT	0.6%
			Pembina Pipeline Corp.	0.6%
			TransAlta Renewables Inc.	0.6%
			Total (%)	76.2%
			Total Net Asset Value (in \$ millions)	57.5