

### EXEMPLAR GROWTH AND INCOME FUND

### ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2020

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"). 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](http://www.arrow-capital.com) or SEDAR at [www.sedar.com](http://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 period that affected the overall level of risk.

This Fund is suitable for investors who are seeking long term growth through a diversified portfolio of equity and fixed income securities. To invest in this Fund, investors should be able to accept a medium degree of risk and are prepared to invest for medium to long periods of time.

### **Results of Operations**

The net asset value ("NAV") of the Fund increased from \$232.9 million to \$361.1 million from December 31, 2019 to December 31, 2020. The Fund had net sales of \$112.1 million for the year. The Fund paid distributions of \$7.6 million while the portfolio's performance increased assets by \$23.7 million. For the year ended December 31, 2020, Series F units of the Fund posted a gain of 8.3% (gain of 5.1% in the year ended December 31, 2019) while its benchmark (80% S&P/TSX, 20% FTSE/TMX Canada Universe Bond Index) posted a gain of 6.6% over the same year (gain of 19.6% in the year ended December 31, 2019). 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 trade-off 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— 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 generates 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 2020, equity markets were volatile. The collapse in equity markets in March 2020 unleashed a powerful response from global Central Bankers and their treasury departments. Interest rates went to all-time lows and the fiscal spend buoyed the equity markets and, in some cases, drove equity indices to new all-time highs. The arrival of Covid-19 and the response of shutting down economies created a 'depression' like economy and the re-opening throughout the summer brought the economy back to recession levels. As we start 2021, further lockdowns are in place to battle the second wave of Covid-19 but this time newly developed vaccines are being rolled out to immunize the populations. The Fed intends to do its part to

rejuvenate this business cycle and the first half of 2021 looks promising as a global synchronized growth phase is poised to occur bringing both accelerating GDP growth and inflation. We believe inflation can reach above 3%.

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 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 2020 with the highest allocations to Healthcare, Information Technology and Materials.

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 Healthcare we made solid returns in the Cannabis sector with GreenThumb (GTII) and CuraLeaf (CURA); in utilities we made solid gains with a renewable energy supplier TransAlta Renewables (RNWI); in Materials the Agricultural sector with Nutrient (NTR) and Mosaic(MOS); and in Industrials with FedEx. (FDX).

In 2020, the asset allocation was right on the money in the first quarter as the Fund remained near flat. It was surprising to us that the equity market rebounded so quickly, however it was a narrow group called the 'work from home basket' that recovered first. By September the market began to broaden out and our equity weighting increased as well. Our equity weight ended the year at the highest level since July 2018. The U.S. dollar exposure was a big help in the first quarter but became a drag thereafter on performance. In 2021, we expect that equity markets will continue to be volatile. Equity valuations are stretched but liquidity is abundant. Bonds are likely to act poorly in the first half of 2021 while equity markets globally likely continue to remain in an uptrend. Gold will most likely tread water in 2021. We expect 2021 to be volatile, but also believe this is where we can add more value. Volatility should provide more opportunities in 2021.

### Related Party Transactions

Arrow Capital Management Inc. is the Manager, Portfolio Advisor and Trustee of the Fund. The Manager, in consideration for management fees, provides management services required in the day-to-day operations of the Fund. The Fund also reimburses the Manager for any operating or administrative expenses the Manager pays on behalf of the Fund.

The Fund may invest in other funds also managed by the Manager. These investments will either be made into a series that does not pay management fees or the Manager may pay a rebate to the Fund or other fund to offset fees paid by the other fund to the Manager.

### Management Fees

The table below outlines the Fund's annual Management Fee rate. It also states the percentage of the total management fees that were used to pay trailer commissions. The remainder of the management fees were used to pay for investment management services.

| ANNUAL RATE (%)                                    | Series A, AN | Series F, FN, | Series L, LN | Series I   |
|--|--------------|---------------|--------------|------------|
| Management Fees<br><i>(Annual Rate)</i>            | 1.8%         | 0.8%          | 2.1%         | Negotiable |
| Trailer Fees<br><i>(as a % of Management Fees)</i> | 55.1%        | -             | 13.4%        | -          |

## 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.

| <b>SERIES A - NET ASSETS PER UNIT</b>                         |                 |                  |                  |                  |                  |
|---|-----------------|------------------|------------------|------------------|------------------|
| <b>For the years ended December 31,</b>                       |                 |                  |                  |                  |                  |
|   | <b>2020</b>     | <b>2019</b>      | <b>2018</b>      | <b>2017</b>      | <b>2016</b>      |
| <b>Net Assets, beginning of year<sup>1</sup></b>              | <b>\$ 10.62</b> | <b>\$ 10.52</b>  | <b>\$ 10.63</b>  | <b>\$ 10.43</b>  | <b>\$ 10.05</b>  |
| Increase (decrease) from operations:                          |                 |                  |                  |                  |                  |
| Total revenue   | 0.55            | 0.24             | 0.27             | 0.29             | 0.15             |
| Total expenses  | (0.28)          | (0.29)           | (0.33)           | (0.37)           | (0.34)           |
| Realized gains (loss)   | 0.56            | 0.05             | 0.46             | 1.37             | 0.75             |
| Unrealized gains (loss)                                       | (0.02)          | 0.35             | (0.09)           | 0.12             | 0.39             |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 0.80</b>  | <b>\$ 0.35</b>   | <b>\$ 0.31</b>   | <b>\$ 1.41</b>   | <b>\$ 0.95</b>   |
| <b>Distributions<sup>2</sup>:</b>                             |                 |                  |                  |                  |                  |
| From income (excluding dividends)                             | -               | -                | -                | (0.06)           | -                |
| From capital gains  | 0.11            | (0.05)           | -                | (1.00)           | (0.57)           |
| From return of capital  | 0.21            | (0.27)           | (0.32)           | (0.14)           | -                |
| <b>Total distributions</b>                                    | <b>\$ 0.32</b>  | <b>\$ (0.32)</b> | <b>\$ (0.32)</b> | <b>\$ (1.20)</b> | <b>\$ (0.57)</b> |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 11.04</b> | <b>\$ 10.62</b>  | <b>\$ 10.52</b>  | <b>\$ 10.63</b>  | <b>\$ 10.43</b>  |

| <b>SERIES A - RATIOS AND SUPPLEMENTAL DATA<sup>8</sup></b>            |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>For the years ended December 31,</b>                               |             |             |             |             |             |
|   | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$94,454    | \$60,346    | \$24,634    | \$10,812    | \$3,850     |
| Number of units outstanding   | 8,559,132   | 5,683,759   | 2,341,565   | 1,017,162   | 369,276     |
| Management expense ratio <sup>4,9</sup>                               | 2.38%       | 2.37%       | 2.47%       | 2.48%       | 2.52%       |
| Management expense ratio before waivers or absorptions <sup>5,9</sup> | 2.38%       | 2.37%       | 2.87%       | 3.08%       | 3.69%       |
| Portfolio turnover rate <sup>6</sup>                                  | 333.07%     | 434.51%     | 1,043.19%   | 1,044.82%   | 1,025.45%   |
| Trading expense ratio <sup>7,9</sup>                                  | 0.23%       | 0.30%       | 0.69%       | 0.98%       | 1.27%       |
| Net asset value per unit  | \$11.04     | \$10.62     | \$10.52     | \$10.63     | \$10.43     |

**SERIES AN - NET ASSETS PER UNIT**

For the years ended December 31,

|   | 2020            | 2019             | 2018             | 2017             | 2016             |
|---|-----------------|------------------|------------------|------------------|------------------|
| <b>Net Assets, beginning of year<sup>1</sup></b>              | <b>\$ 11.06</b> | <b>\$ 10.66</b>  | <b>\$ 10.64</b>  | <b>\$ 10.45</b>  | <b>\$ 10.11</b>  |
| Increase (decrease) from operations:                          |                 |                  |                  |                  |                  |
| Total revenue   | 0.58            | 0.24             | 0.28             | 0.29             | 0.14             |
| Total expenses  | (0.29)          | (0.30)           | (0.34)           | (0.37)           | (0.35)           |
| Realized gains (loss)   | 0.61            | 0.08             | 0.45             | 1.29             | 0.87             |
| Unrealized gains (loss)                                       | (0.07)          | 0.23             | (0.06)           | 0.14             | 0.43             |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 0.83</b>  | <b>\$ 0.25</b>   | <b>\$ 0.33</b>   | <b>\$ 1.35</b>   | <b>\$ 1.09</b>   |
| <b>Distributions<sup>2</sup>:</b>                             |                 |                  |                  |                  |                  |
| From income (excluding dividends)                             | -               | -                | -                | (0.07)           | -                |
| From capital gains  | 0.11            | (0.02)           | (0.20)           | (1.03)           | (0.61)           |
| From return of capital  | -               | -                | -                | (0.14)           | -                |
| <b>Total distributions</b>                                    | <b>\$ 0.11</b>  | <b>\$ (0.02)</b> | <b>\$ (0.20)</b> | <b>\$ (1.24)</b> | <b>\$ (0.61)</b> |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 11.74</b> | <b>\$ 11.06</b>  | <b>\$ 10.66</b>  | <b>\$ 10.64</b>  | <b>\$ 10.45</b>  |

**SERIES AN - RATIOS AND SUPPLEMENTAL DATA<sup>8</sup>**

For the years ended December 31,

|   | 2020      | 2019      | 2018      | 2017      | 2016      |
|---|-----------|-----------|-----------|-----------|-----------|
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$59,053  | \$42,019  | \$5,651   | \$1,470   | \$1,757   |
| Number of units outstanding   | 5,029,201 | 3,799,539 | 530,335   | 138,077   | 168,085   |
| Management expense ratio <sup>4,9</sup>                               | 2.36%     | 2.39%     | 2.47%     | 2.54%     | 2.60%     |
| Management expense ratio before waivers or absorptions <sup>5,9</sup> | 2.36%     | 2.39%     | 2.87%     | 3.14%     | 3.77%     |
| Portfolio turnover rate <sup>6</sup>                                  | 333.07%   | 434.51%   | 1,043.19% | 1,044.82% | 1,025.45% |
| Trading expense ratio <sup>7,9</sup>                                  | 0.23%     | 0.30%     | 0.69%     | 0.98%     | 1.27%     |
| Net asset value per unit  | \$11.74   | \$11.06   | \$10.66   | \$10.64   | \$10.45   |

**SERIES F - NET ASSETS PER UNIT**

For the years ended December 31,

|   | 2020            | 2019             | 2018             | 2017             | 2016             |
|---|-----------------|------------------|------------------|------------------|------------------|
| <b>Net Assets, beginning of year<sup>1</sup></b>              | <b>\$ 10.71</b> | <b>\$ 10.50</b>  | <b>\$ 10.50</b>  | <b>\$ 10.32</b>  | <b>\$ 9.96</b>   |
| Increase (decrease) from operations:                          |                 |                  |                  |                  |                  |
| Total revenue   | 0.56            | 0.23             | 0.27             | 0.29             | 0.17             |
| Total expenses  | (0.16)          | (0.17)           | (0.21)           | (0.25)           | (0.24)           |
| Realized gains (loss)   | 0.57            | 0.06             | 0.50             | 1.33             | 0.75             |
| Unrealized gains (loss)                                       | (0.04)          | 0.28             | 0.04             | 0.11             | 0.41             |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 0.93</b>  | <b>\$ 0.40</b>   | <b>\$ 0.60</b>   | <b>\$ 1.48</b>   | <b>\$ 1.09</b>   |
| <b>Distributions<sup>2</sup>:</b>                             |                 |                  |                  |                  |                  |
| From income (excluding dividends)                             | -               | -                | -                | (0.08)           | -                |
| From capital gains  | 0.26            | (0.21)           | (0.32)           | (1.08)           | (0.68)           |
| From return of capital  | 0.06            | (0.11)           | -                | (0.17)           | -                |
| <b>Total distributions</b>                                    | <b>\$ 0.32</b>  | <b>\$ (0.32)</b> | <b>\$ (0.32)</b> | <b>\$ (1.33)</b> | <b>\$ (0.68)</b> |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 11.26</b> | <b>\$ 10.71</b>  | <b>\$ 10.50</b>  | <b>\$ 10.50</b>  | <b>\$ 10.32</b>  |

**SERIES F - RATIOS AND SUPPLEMENTAL DATA<sup>8</sup>**

For the years ended December 31,

|   | 2020       | 2019      | 2018      | 2017      | 2016      |
|---|------------|-----------|-----------|-----------|-----------|
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$119,752  | \$72,452  | \$11,407  | \$2,309   | \$919     |
| Number of units outstanding   | 10,630,742 | 6,762,439 | 1,086,602 | 219,985   | 88,998    |
| Management expense ratio <sup>4,9</sup>                               | 1.28%      | 1.28%     | 1.39%     | 1.44%     | 1.56%     |
| Management expense ratio before waivers or absorptions <sup>5,9</sup> | 1.28%      | 1.29%     | 1.79%     | 2.04%     | 2.73%     |
| Portfolio turnover rate <sup>6</sup>                                  | 333.07%    | 434.51%   | 1,043.19% | 1,044.82% | 1,025.45% |
| Trading expense ratio <sup>7,9</sup>                                  | 0.23%      | 0.30%     | 0.69%     | 0.98%     | 1.27%     |
| Net asset value per unit  | \$11.26    | \$10.71   | \$10.50   | \$10.50   | \$10.32   |

**SERIES FN - NET ASSETS PER UNIT**

For the years ended December 31,

|   | 2020            | 2019             | 2018             | 2017             | 2016             |
|---|-----------------|------------------|------------------|------------------|------------------|
| <b>Net Assets, beginning of year<sup>1</sup></b>              | <b>\$ 11.29</b> | <b>\$ 10.89</b>  | <b>\$ 10.81</b>  | <b>\$ 10.61</b>  | <b>\$ 10.25</b>  |
| Increase (decrease) from operations:                          |                 |                  |                  |                  |                  |
| Total revenue   | 0.60            | 0.25             | 0.28             | 0.30             | 0.16             |
| Total expenses  | (0.17)          | (0.18)           | (0.24)           | (0.26)           | (0.26)           |
| Realized gains (loss)   | 0.60            | 0.08             | 0.43             | 1.36             | 0.81             |
| Unrealized gains (loss)                                       | (0.07)          | 0.25             | (0.09)           | 0.19             | 0.39             |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 0.97</b>  | <b>\$ 0.40</b>   | <b>\$ 0.38</b>   | <b>\$ 1.59</b>   | <b>\$ 1.10</b>   |
| <b>Distributions<sup>2</sup>:</b>                             |                 |                  |                  |                  |                  |
| From income (excluding dividends)                             | -               | -                | -                | (0.08)           | -                |
| From capital gains  | 0.24            | (0.15)           | (0.26)           | (1.12)           | (0.73)           |
| From return of capital  | -               | -                | -                | (0.17)           | -                |
| <b>Total distributions</b>                                    | <b>\$ 0.24</b>  | <b>\$ (0.15)</b> | <b>\$ (0.26)</b> | <b>\$ (1.37)</b> | <b>\$ (0.73)</b> |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 11.99</b> | <b>\$ 11.29</b>  | <b>\$ 10.89</b>  | <b>\$ 10.81</b>  | <b>\$ 10.61</b>  |

**SERIES FN - RATIOS AND SUPPLEMENTAL DATA<sup>8</sup>**

For the years ended December 31,

|   | 2020      | 2019      | 2018      | 2017      | 2016      |
|---|-----------|-----------|-----------|-----------|-----------|
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$64,320  | \$44,464  | \$11,357  | \$8,581   | \$5,196   |
| Number of units outstanding   | 5,364,185 | 3,937,059 | 1,043,110 | 793,393   | 489,600   |
| Management expense ratio <sup>4,9</sup>                               | 1.27%     | 1.29%     | 1.44%     | 1.46%     | 1.56%     |
| Management expense ratio before waivers or absorptions <sup>5,9</sup> | 1.27%     | 1.29%     | 1.84%     | 2.06%     | 2.73%     |
| Portfolio turnover rate <sup>6</sup>                                  | 333.07%   | 434.51%   | 1,043.19% | 1,044.82% | 1,025.45% |
| Trading expense ratio <sup>7,9</sup>                                  | 0.23%     | 0.30%     | 0.69%     | 0.98%     | 1.27%     |
| Net asset value per unit  | \$11.99   | \$11.29   | \$10.89   | \$10.81   | \$10.61   |

**SERIES I - NET ASSETS PER UNIT**

For the period from July 01, 2020 to December 31, 2020

|   | 2020 <sup>1</sup> |
|---|-------------------|
| <b>Net Assets, beginning of period<sup>1</sup></b>            | <b>\$ -</b>       |
| Increase (decrease) from operations:                          |                   |
| Total revenue   | 0.42              |
| Total expenses  | (0.04)            |
| Realized gains (loss)   | 0.50              |
| Unrealized gains (loss)                                       | (0.09)            |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 0.80</b>    |
| <b>Distributions<sup>2</sup>:</b>                             |                   |
| From income (excluding dividends)                             |                   |
| From capital gains  | 0.22              |
| From return of capital  | -                 |
| <b>Total distributions</b>                                    | <b>\$ 0.22</b>    |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 11.14</b>   |

**SERIES I - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup>**

For the period from July 01, 2020 to December 31, 2020

|   | 2020 <sup>1</sup> |
|---|-------------------|
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$1               |
| Number of units outstanding   | 97                |
| Management expense ratio <sup>3 8</sup>                               | 0.26%             |
| Management expense ratio before waivers or absorptions <sup>4 8</sup> | 0.26%             |
| Portfolio turnover rate <sup>5</sup>                                  | 333.07%           |
| Trading expense ratio <sup>6 8</sup>                                  | 0.23%             |
| Net asset value per unit  | \$11.14           |

**SERIES L - NET ASSETS PER UNIT**

For the years ended December 31,

|   | 2020            | 2019             | 2018             | 2017             | 2016             |
|---|-----------------|------------------|------------------|------------------|------------------|
| <b>Net Assets, beginning of year<sup>1</sup></b>              | <b>\$ 10.36</b> | <b>\$ 10.29</b>  | <b>\$ 10.43</b>  | <b>\$ 10.21</b>  | <b>\$ 9.82</b>   |
| Increase (decrease) from operations:                          |                 |                  |                  |                  |                  |
| Total revenue   | 0.53            | 0.23             | 0.27             | 0.28             | 0.16             |
| Total expenses  | (0.30)          | (0.31)           | (0.35)           | (0.39)           | (0.36)           |
| Realized gains (loss)   | 0.55            | 0.05             | 0.48             | 1.32             | 0.80             |
| Unrealized gains (loss)                                       | (0.06)          | 0.30             | (0.12)           | 0.24             | 0.42             |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 0.73</b>  | <b>\$ 0.27</b>   | <b>\$ 0.28</b>   | <b>\$ 1.45</b>   | <b>\$ 1.02</b>   |
| <b>Distributions<sup>2</sup>:</b>                             |                 |                  |                  |                  |                  |
| From income (excluding dividends)                             | -               | -                | -                | (0.06)           | -                |
| From capital gains  | 0.06            | -                | (0.32)           | (0.95)           | (0.54)           |
| From return of capital  | 0.25            | (0.32)           | -                | (0.11)           | -                |
| <b>Total distributions</b>                                    | <b>\$ 0.31</b>  | <b>\$ (0.32)</b> | <b>\$ (0.32)</b> | <b>\$ (1.12)</b> | <b>\$ (0.54)</b> |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 10.73</b> | <b>\$ 10.36</b>  | <b>\$ 10.29</b>  | <b>\$ 10.43</b>  | <b>\$ 10.21</b>  |

**SERIES L - RATIOS AND SUPPLEMENTAL DATA<sup>8</sup>**

For the years ended December 31,

|   | 2020    | 2019    | 2018      | 2017      | 2016      |
|---|---------|---------|-----------|-----------|-----------|
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$5,951 | \$3,986 | \$1,167   | \$465     | \$266     |
| Number of units outstanding   | 554,641 | 384,970 | 113,348   | 44,531    | 26,060    |
| Management expense ratio <sup>4,9</sup>                               | 2.70%   | 2.64%   | 2.76%     | 2.76%     | 2.82%     |
| Management expense ratio before waivers or absorptions <sup>5,9</sup> | 2.70%   | 2.64%   | 3.17%     | 3.36%     | 3.99%     |
| Portfolio turnover rate <sup>6</sup>                                  | 333.07% | 434.51% | 1,043.19% | 1,044.82% | 1,025.45% |
| Trading expense ratio <sup>7,9</sup>                                  | 0.23%   | 0.30%   | 0.69%     | 0.98%     | 1.27%     |
| Net asset value per unit  | \$10.73 | \$10.36 | \$10.29   | \$10.43   | \$10.21   |

**SERIES LN - NET ASSETS PER UNIT**

For the years ended December 31,

|   | 2020            | 2019            | 2018             | 2017             | 2016             |
|---|-----------------|-----------------|------------------|------------------|------------------|
| <b>Net Assets, beginning of year<sup>1</sup></b>              | <b>\$ 11.10</b> | <b>\$ 10.70</b> | <b>\$ 10.70</b>  | <b>\$ 10.45</b>  | <b>\$ 10.11</b>  |
| Increase (decrease) from operations:                          |                 |                 |                  |                  |                  |
| Total revenue   | 0.59            | 0.25            | 0.28             | 0.29             | 0.16             |
| Total expenses  | (0.34)          | (0.33)          | (0.37)           | (0.40)           | (0.40)           |
| Realized gains (loss)   | 0.60            | 0.06            | 0.56             | 1.33             | 0.87             |
| Unrealized gains (loss)                                       | (0.03)          | 0.30            | (0.12)           | 0.13             | 0.41             |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 0.82</b>  | <b>\$ 0.28</b>  | <b>\$ 0.35</b>   | <b>\$ 1.35</b>   | <b>\$ 1.04</b>   |
| <b>Distributions<sup>2</sup>:</b>                             |                 |                 |                  |                  |                  |
| From income (excluding dividends)                             | -               | -               | -                | (0.06)           | -                |
| From capital gains  | 0.06            | -               | (0.18)           | (0.99)           | (0.57)           |
| From return of capital  | -               | -               | -                | (0.11)           | -                |
| <b>Total distributions</b>                                    | <b>\$ 0.06</b>  | <b>\$ -</b>     | <b>\$ (0.18)</b> | <b>\$ (1.16)</b> | <b>\$ (0.57)</b> |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 11.78</b> | <b>\$ 11.10</b> | <b>\$ 10.70</b>  | <b>\$ 10.70</b>  | <b>\$ 10.45</b>  |

**SERIES LN - RATIOS AND SUPPLEMENTAL DATA<sup>8</sup>**

For the years ended December 31,

|   | 2020    | 2019    | 2018      | 2017      | 2016      |
|---|---------|---------|-----------|-----------|-----------|
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$3,973 | \$2,376 | \$707     | \$238     | \$113     |
| Number of units outstanding   | 337,160 | 214,137 | 66,088    | 22,287    | 10,852    |
| Management expense ratio <sup>4,9</sup>                               | 2.75%   | 2.66%   | 2.75%     | 2.77%     | 3.01%     |
| Management expense ratio before waivers or absorptions <sup>5,9</sup> | 2.75%   | 2.66%   | 3.16%     | 3.37%     | 4.19%     |
| Portfolio turnover rate <sup>6</sup>                                  | 333.07% | 434.51% | 1,043.19% | 1,044.82% | 1,025.45% |
| Trading expense ratio <sup>7,9</sup>                                  | 0.23%   | 0.30%   | 0.69%     | 0.98%     | 1.27%     |
| Net asset value per unit  | \$11.78 | \$11.10 | \$10.70   | \$10.70   | \$10.45   |



**SERIES ETF - NET ASSETS PER UNIT**

For the years ended December 31,

|   | 2020            | 2019             | 2018 <sup>†</sup> |
|---|-----------------|------------------|-------------------|
| <b>Net Assets, beginning of year<sup>1</sup></b>              | <b>\$ 20.66</b> | <b>\$ 20.23</b>  | <b>\$ 20.00</b>   |
| Increase (decrease) from operations:                          |                 |                  |                   |
| Total revenue   | 1.16            | 0.52             | 0.26              |
| Total expenses  | (0.32)          | (0.34)           | (0.23)            |
| Realized gains (loss)   | 1.16            | (0.02)           | 0.64              |
| Unrealized gains (loss)                                       | 0.43            | 0.82             | (0.03)            |
| <b>Total increase (decrease) from operations<sup>1</sup>:</b> | <b>\$ 2.43</b>  | <b>\$ 0.98</b>   | <b>\$ 0.64</b>    |
| <b>Distributions<sup>2</sup>:</b>                             |                 |                  |                   |
| From income (excluding dividends)                             | -               | -                | -                 |
| From capital gains  | 0.50            | (0.36)           | (0.20)            |
| From return of capital  | 0.12            | (0.24)           | -                 |
| <b>Total distributions</b>                                    | <b>\$ 0.62</b>  | <b>\$ (0.60)</b> | <b>\$ (0.20)</b>  |
| <b>Net Assets, end of year<sup>1</sup></b>                    | <b>\$ 21.72</b> | <b>\$ 20.66</b>  | <b>\$ 20.23</b>   |

**SERIES ETF - RATIOS AND SUPPLEMENTAL DATA<sup>8</sup>**

For the years ended December 31,

|   | 2020     | 2019    | 2018 <sup>†</sup> |
|---|----------|---------|-------------------|
| Net Asset Value ("NAV") (000s) <sup>1</sup>                           | \$13,574 | \$7,231 | \$2,529           |
| Number of units outstanding   | 625,000  | 350,000 | 125,000           |
| Management expense ratio <sup>4,9</sup>                               | 1.29%    | 1.32%   | 1.43%*            |
| Management expense ratio before waivers or absorptions <sup>5,9</sup> | 1.29%    | 1.32%   | 2.32%*            |
| Portfolio turnover rate <sup>6</sup>                                  | 333.07%  | 434.51% | 1,043.19%         |
| Trading expense ratio <sup>7,9</sup>                                  | 0.23%    | 0.30%   | 0.69%*            |
| Net asset value per unit  | \$21.72  | \$20.66 | \$20.23           |
| Closing market price  | \$21.70  | \$20.76 | \$19.98           |

<sup>†</sup>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 ETF began operations on July 20, 2018. Series I resumed operations on July 01, 2020.

\*Ratios have been annualized.

1. The net assets per share shown are referenced to net assets attributable to holders of redeemable shares determined in accordance with International Financial Reporting Standards (“IFRS”) and are derived from the Fund’s financial statements. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.
2. Distributions, if applicable, were reinvested in additional shares of the Fund at the discretion of the underlying shareholders.
3. The Manager may absorb certain expenses or waive certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived (if applicable) is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
4. Management expense ratio (“MER”) is calculated as total expenses net of waived fees, if applicable, and excludes certain taxes, commissions and other fund transaction costs for the stated year expressed as an annualized percentage of daily average net asset value during the stated year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106. Management expense ratio before performance fee is the MER before any performance fees, if applicable, for the stated year.
5. Management expense ratio before waivers or absorptions is the MER inclusive of performance fees before any waivers or absorptions are deducted.
6. The Fund’s portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher the fund’s portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover ratio for the years ended 2019, 2018, 2017 and 2016 were calculated based on the average net portfolio of the Fund. The ratios for these years have been restated to be based on average gross portfolio of the Fund.
7. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
8. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.
9. The management expense ratio before performance fees, management expense ratio, management expense ratio before waivers or absorptions and trading expense ratio for the year ended 2016 have been restated to reflect the reclassification of certain custodial transaction costs related to the purchase and sale of securities.

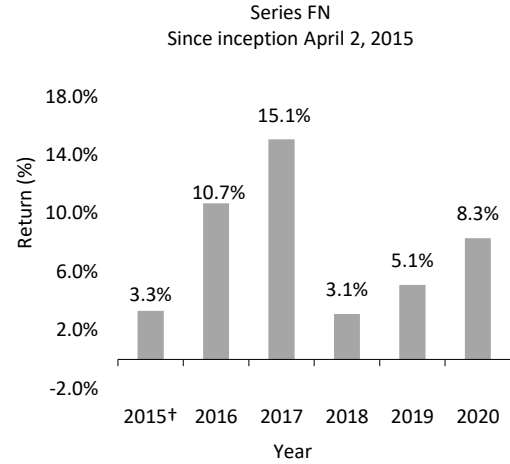
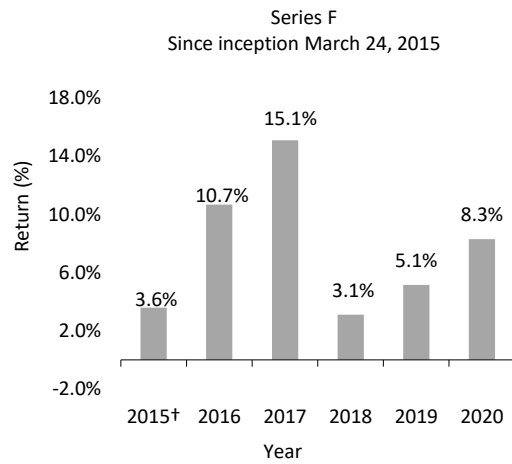
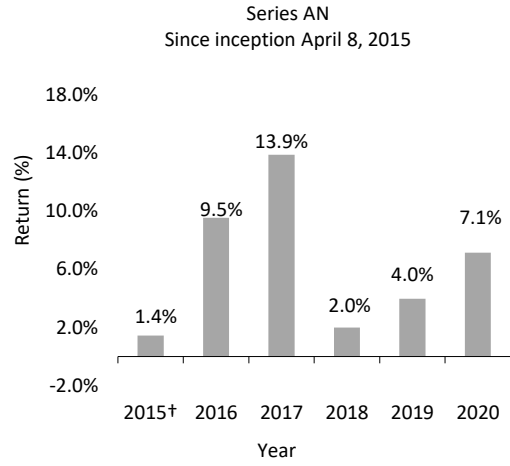
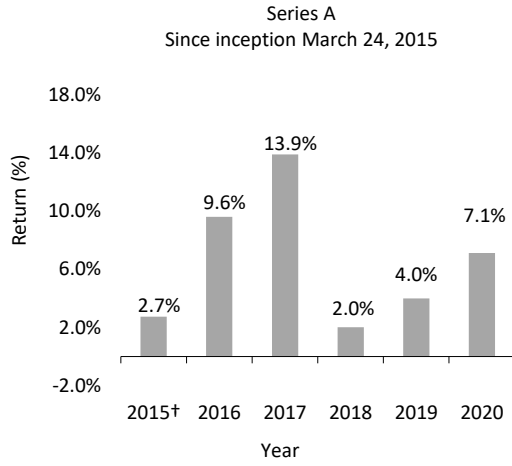
## **Past Performance**

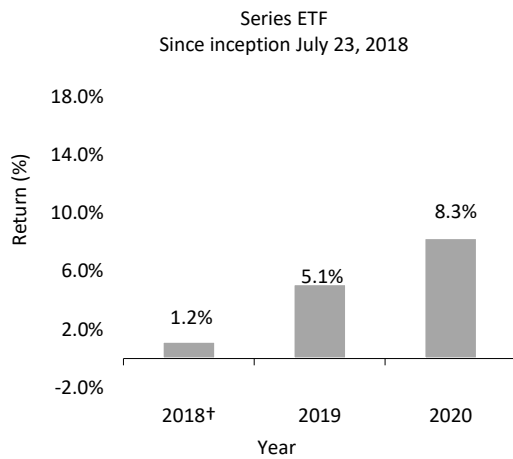
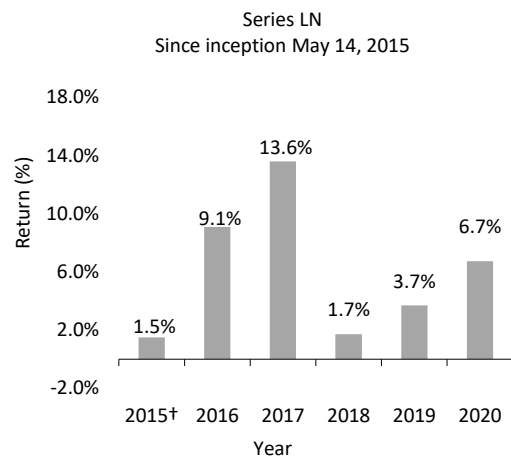
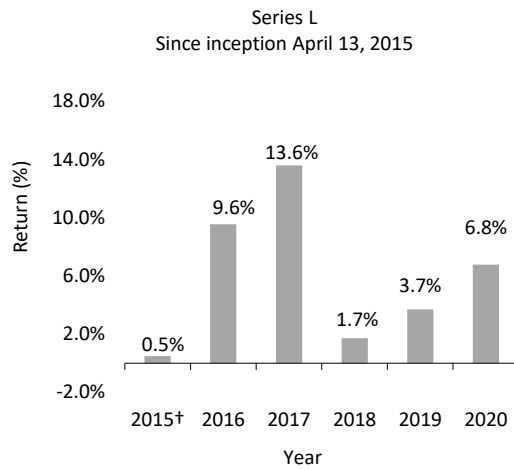
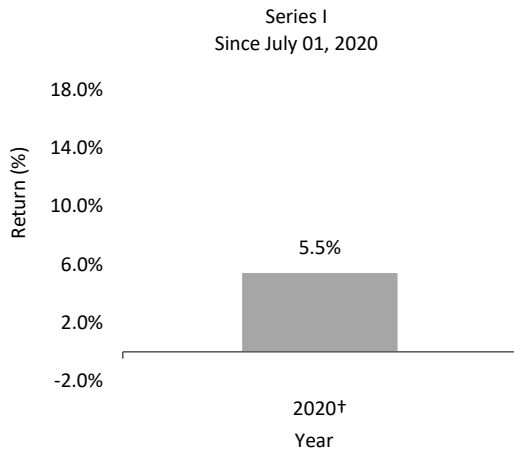
The performance information shown below assumes that all distributions, if any, made by the Fund in the year shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital gains 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 indicates how it will perform in the future.

## Year-By-Year Returns

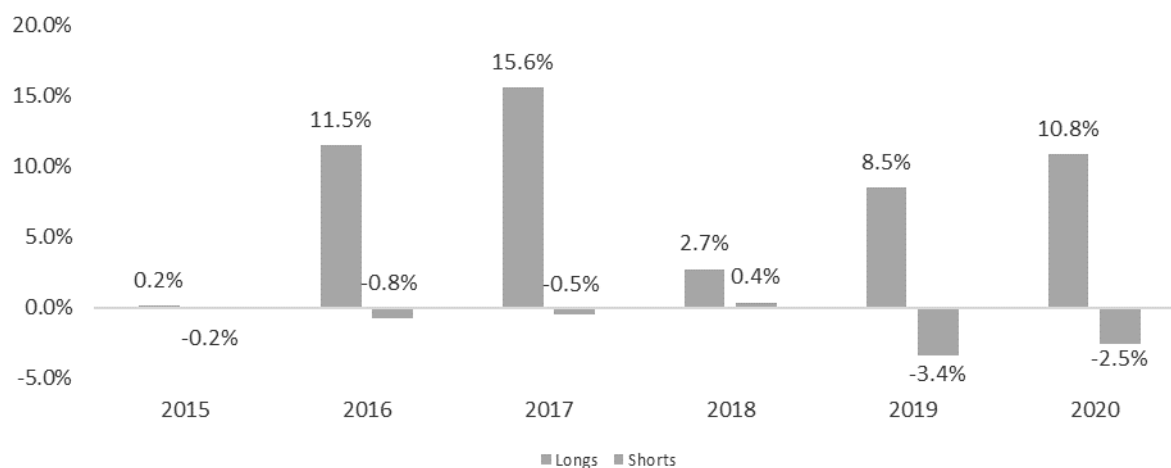
The bar chart below illustrates the Fund's performance for the years shown. It shows, in percentage terms, how much an investment made on the first day of each financial year (or since inception) would have grown or decreased.





†Returns shown represent a partial year.

The chart below illustrates the Fund's returns for Series F for the year ended December 31, 2020 and for the years ended December 31 for the Fund units by long and short holdings:



### Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund and for its blended benchmark (80% S&P/TSX, 20% FTSE TMX Canada Universe Bond Index, rebalanced monthly) for the years shown ended December 31, 2020. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

|                   | 1 Year | 3 Years | 5 Years | Annualized Since Inception |
|-------------------|--------|---------|---------|----------------------------|
| Series A          | 7.1%   | 4.4%    | 7.2%    | 6.7%                       |
| Series AN         | 7.1%   | 4.3%    | 7.2%    | 6.8%                       |
| Series F          | 8.3%   | 5.5%    | 8.4%    | 7.9%                       |
| Series FN         | 8.3%   | 5.5%    | 8.4%    | 7.9%                       |
| Series I          | N/A    | N/A     | N/A     | N/A                        |
| Series L          | 6.8%   | 4.0%    | 7.0%    | 6.5%                       |
| Series LN         | 6.7%   | 4.0%    | 6.9%    | 6.1%                       |
| Series ETF        | 8.3%   | N/A     | N/A     | 6.5%                       |
| Blended Benchmark | 6.6%   | 5.9%    | 8.4%    | 5.4%                       |

## Summary of Investment Portfolio as at December 31, 2020

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](http://www.arrow-capital.com).

| Industry Sector           |              |              | % of Net Assets |  | Top 25 Holdings   |  | %            |
|---------------------------|--------------|--------------|-----------------|--|---|--|--------------|
|                           | <b>Long</b>  | <b>Short</b> |                 |  | <b>Long Positions</b>   |  |              |
| Communication Services    | 1.8          | -            |                 |  | Government of Canada 0.25% 2022-08-01                               |  | 8.3          |
| Consumer Discretionary    | 2.3          | -            |                 |  | Cash and Cash Equivalents   |  | 6.9          |
| Consumer Staples          | 3.0          | -            |                 |  | iShares 20+ Year Treasury Bond ETF                                  |  | 5.6          |
| Corporate Bonds           | 0.1          | -            |                 |  | iShares 7-10 Year Treasury Bond ETF                                 |  | 4.9          |
| Energy                    | 6.3          | -            |                 |  | SPDR Gold Shares  |  | 3.8          |
| Federal Bonds             | 12.2         | -            |                 |  | Government of Canada 0.25% 2022-11-01                               |  | 2.8          |
| Financials                | 5.9          | -            |                 |  | Arrow EC Income Advantage Alternative Fund                          |  | 1.5          |
| Funds                     | 23.9         | (1.8)        |                 |  | Government of Canada 1.25% 2021-11-01                               |  | 1.1          |
| Health Care               | 9.0          | -            |                 |  | Arrow Global Advantage Alternative Class, Series ETF                |  | 1.1          |
| Industrials               | 5.1          | -            |                 |  | Royal Bank of Canada  |  | 1.1          |
| Information Technology    | 6.9          | -            |                 |  | Enbridge Inc.   |  | 1.1          |
| Materials                 | 6.9          | -            |                 |  | Manulife Financial Corp.  |  | 1.1          |
| Real Estate               | 3.9          | -            |                 |  | Superior Plus Corp.   |  | 1.1          |
| Utilities                 | 5.6          | -            |                 |  | Oracle Corp.  |  | 1.0          |
| Derivatives               | 0.2          | -            |                 |  | National Bank of Canada   |  | 1.0          |
| Cash and Cash Equivalents | 6.9          | -            |                 |  | Green Thumb Industries Inc.   |  | 1.0          |
| Other Net Assets          | 1.8          | -            |                 |  | Quadratic Interest Rate Volatility and Inflation Hedge Class ETF    |  | 1.0          |
| <b>Totals</b>             | <b>101.8</b> | <b>(1.8)</b> |                 |  | Abbott Laboratories   |  | 1.0          |
|                           |              |              |                 |  | Amazon.com Inc.   |  | 1.0          |
|                           |              |              |                 |  | Tourmaline Oil Corp.  |  | 1.0          |
|                           |              |              |                 |  | TransAlta Renewables Inc.   |  | 0.9          |
|                           |              |              |                 |  | Telefonaktiebolaget LM Ericsson, ADR                                |  | 0.9          |
|                           |              |              |                 |  | iShares MSCI Japan ETF  |  | 0.8          |
|                           |              |              |                 |  | Johnson & Johnson   |  | 0.8          |
|                           |              |              |                 |  | <b>Top long positions as a percentage of total net asset value</b>  |  | <b>50.8</b>  |
|                           |              |              |                 |  | <b>Short Positions</b>  |  |              |
|                           |              |              |                 |  | iShares Russell 2000 ETF  |  | (1.8)        |
|                           |              |              |                 |  | <b>Top short positions as a percentage of total net asset value</b> |  | <b>(1.8)</b> |
|                           |              |              |                 |  | <b>Total (%)</b>  |  | <b>49.0</b>  |
|                           |              |              |                 |  | <b>Total Net Asset Value (in \$ millions)</b>                       |  | <b>361.1</b> |

| Credit Rating (*) | % of Total Debt Securities |
|-------------------|----------------------------|
| AAA               | 99.3                       |
| BBB               | 0.7                        |
| <b>Total</b>      | <b>100.0</b>               |

\*Credit ratings are obtained from Standard & Poor's, Moody's and/or Dominion Bond Rating Service.