EXEMPLAR INVESTMENT GRADE FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period since inception to December 31, 2014

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements for Exemplar Investment Grade 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., 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5 or by visiting our website at www.arrow-capital.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Fund’s interim financial report, 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 generate income and capital preservation by investing in a diversified portfolio of primarily North American investment grade corporate bonds.

To achieve the investment objectives the Fund will invest primarily in investment grade debt securities of Canadian corporate and government issuers that are rated BBB- or higher by a recognized rating agency. The Fund may also include non-investment grade debt securities and may invest in other asset classes if warranted by financial conditions.

In managing the Fund, East Coast Fund Management Inc. ("East Coast"), the investment advisor, will seek to generate income and preserve capital in each stage of the credit cycle; and seek to protect the Fund from interest rate risk associated with higher nominal interest rates and systemic risk. The sub-advisor will utilize the following investment process: (i) top-down analysis (macro-economic environment and sector); (ii) bottom-up analysis (company fundamentals); and (iii) quantitative analysis (asset class and security relative valuation). The outcome of this research will enable the sub-advisor to identify investment opportunities as well as ways of mitigating and avoiding undesirable market risk. The combination of all three investment processes will assist the sub-advisor in attempting to reduce the downside risk associated with an investment as much as possible prior to acquisition of the investment. The Fund will be well-diversified across industries to mitigate default risk and will deploy substantial hedging of interest rates, credit spreads and currency.

The Fund may use warrants and derivatives such as options, forwards, futures and swaps for hedging and non-hedging purposes. Such derivatives may be used to hedge against losses from changes in the prices of the Fund's investments and from exposure to interest rate changes, credit spreads and foreign currencies as well as market risk. Specifically, the Fund will use interest rate swaps and futures to hedge against interest rate changes. Derivatives may also be used to hedge general credit risk and/or to obtain exposure to individual securities and markets instead of buying securities directly. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law. The Fund may also engage in short selling as permitted by securities regulations. Generally speaking, short selling can provide the Fund with opportunities for gains when markets are volatile or declining and also with opportunities to hedge specific risks including interest rate risk. While short selling will be used by the Fund as a complement to its primary investment strategy (discussed above), the sub-advisor will utilize the same fundamental analysis in determining whether securities of a particular issuer should be sold short.

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 or risk.

This Fund is suitable for investors who are able to accept a low degree of risk and are prepared to invest for the medium term.

Results of Operations

For the period from July 28, 2014 (commencement of operations) to December 31, 2014, Series A units of the Fund gained 0.1% while the FTSE TMX Canada All Corporate Bond Index, gained 2.7% for the same period. Please refer to the Past Performance section for the performance of the other Series. The performance of the other Series offered by the Fund differs from Series A largely because of varying levels of expenses charged to each series, as explained in the Management Fee section.

We enter 2015 with 10 year and 30 year GOC yields at 1.84% and 2.34%. 10 and 30 year yields dropped by approximately 1% in 2014 and the million dollar question is: where will yields be 12 months from now? Our view is that 10 year yields are more likely to be at 3% by the end of 2015 than they are to be at 0.50%, and we believe that our strategy will benefit fixed income investors in 2015.

The Canadian corporate bond markets were negatively impacted by the drop in the price of oil. The impact initially surfaced in the oil and gas producers towards the end of the summer, but as the price of oil fell off a cliff towards the end of November, and has continued to fall in December, oil has had a much broader impact on the corporate bond market.

The Fund has not been immune to this move in the price of oil. Credit spreads in our portfolio have widened and if oil trades lower we think the credit markets will continue to be challenged for the next couple of months. The longer oil stays around $50/bbl the greater the impact on the growth prospects of the Canadian economy, which is not good for Canadian equity or credit markets.

The drop in oil prices is most significant to the Oil E&P, Integrated Oil and Distribution sectors of the energy market. The Fund has a lower amount of exposure than the index to the Energy sector and most of that is in Pipeline companies.

Oil prices are less significant to the Pipeline sector because oil still needs to flow on the pipelines and as it relates to Enbridge and TransCanada the large % of their contracts obligate the user of the pipeline to pay whether they flow oil on the pipeline or not (these contracts are called take or pay contracts).

Our view is that oil prices could fall further but only in the short term. With oil at $53/bbl we think it is more likely that we see a bounce than a significant fall. We believe the supply and demand imbalance has been dealt with already with a reduction in Capex that will reduce the supply of oil by approx. 450,000 bpd and a demand increase required by a growing economy of approximately 300,000 bpd. Our opinion is that the longer term equilibrium price of oil should be about $70/bbl and we expect that is where it will return to after the current shock is behind us.

We think the bigger risk to the market and our portfolio is the flight to quality and liquidity disruption associated with a panic drop in the price of oil. A large percentage of the US high yield market is made up of oil and energy names. If the price of oil stays below $55 for most of 2015 that will likely increase default rates which will negatively impact liquidity in the market. In isolation this will be negative for high yield (HY) credit spreads and to a lesser extent Investment Grade (IG) credit spreads.

We think the credit cycle has somewhere between 12 and 24 months to run. IG Credit spreads are not tight by historical standards. In 1998 10 year credit spreads for BBB companies were approximately 80 basis points, today they are 180 basis points. If we see a controlled return to a normalized interest rate environment we will likely see tighter credit spreads. We think a normalized interest rate in today's inflation environment may be lower than it has been in past cycles but we also think 10 year BBB credit spreads can find their way to 100 – 120 basis points before the credit cycle is finished. We have the same opinion of A and BB high rated credit. BB mid and lower rated HY credits are going to be much more company specific over the next 2 to 3 years. We think default rates are going to increase (mainly just because the price of oil is much lower). In the last couple of years almost all HY credits have traded as a sector to their historical tights and we don't think that will happen in 2015. Some performing HY credits will do very well and trade back to their tights but others will trade much wider based on their leverage and deteriorating credit profile.

In summary, there is a lot to be concerned about going into 2015, but there are also more opportunities available than there were in 2014. We think interest rate changes are going to be the big driver of market direction in 2015 and our strategy is well positioned for that event. We think that traditional fixed income returns are going to be lower in 2015 and beyond.

Recent Developments

There are no recent developments for the Fund.

Related Party Transactions

On June 27, 2014, Arrow seeded the Fund by investing $5,000 in Series A units and $145,000 in Series F units of the Fund. As of December 31, 2014, Arrow held 505 Series A units of the Fund with a market value of $5,005. This represents 0.0% 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, Series AI units and Series AN units is equal to 1.3% per annum. The Management Fee rate applicable to Series F units, Series FI units and Series FN units is equal to 0.80% 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 period since inception to December 31, 2014, Management Fees charged to the Fund equaled $84,211. The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. From this Management Fee, the Manager pays fees to the investment advisor (East Coast, in its capacity as such) who provides portfolio management services to the Fund. 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, AI, AN	Series F, FI, FN	Series I
Management Fees *(Annual Rate)*	1.3%	0.8%	Negotiable
Trailer Fees *(as a % of Management Fees)*	25.4%	-	-

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the period since inception to December 31, 2014, the Manager has, in its discretion, agreed to absorb $59,654 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 period since July 28, 2014 (date of commencement of operations) to December 31, 2014		
Net Assets, beginning of period[1]	**$**	**10.00**
Increase (decrease) from operations:		
Total revenue		0.12
Total expenses		(0.06)
Realized gains (loss) for the period		(0.07)
Unrealized gains (loss) for the period		0.01
Total increase (decrease) from operations[1]:	**$**	**(0.00)**
Distributions[2]:		
From income (excluding dividends)		-
From dividends		-
Return of capital		(0.12)
Total distributions		**(0.12)**
Net Assets, end of period[1]	**$**	**9.91**

SERIES A - RATIOS AND SUPPLEMENTAL DATA[7] For the period since July 28, 2014 (date of commencement of operations) to December 31, 2014	
Net Asset Value ("NAV") (000s)[1]	$13,673
Number of units outstanding	1,380,046
Management expense ratio[3]	1.62%*
Management expense ratio before waivers or absorptions[4]	2.23%*
Portfolio turnover rate[5]	282.56%
Trading expense ratio[6]	0.01%*

SERIES AI - NET ASSETS PER UNIT For the period since July 28, 2014 (date of commencement of operations) to December 31, 2014		
Net Assets, beginning of period[1]	**$**	**10.00**
Increase (decrease) from operations:		
Total revenue		0.12
Total expenses		(0.06)
Realized gains (loss) for the period		(0.07)
Unrealized gains (loss) for the period		0.02
Total increase (decrease) from operations[1]:	**$**	**0.01**
Distributions[2]:		
From income (excluding dividends)		-
From dividends		-
Return of capital		(0.20)
Total distributions		**(0.20)**
Net Assets, end of period[1]	**$**	**9.84**

SERIES AI - RATIOS AND SUPPLEMENTAL DATA[7] For the period since July 28, 2014 (date of commencement of operations) to December 31, 2014	
Net Asset Value ("NAV") (000s)[1]	$1,936
Number of units outstanding	196,748
Management expense ratio[3]	1.54%*
Management expense ratio before waivers or absorptions[4]	2.17%*
Portfolio turnover rate[5]	282.56%
Trading expense ratio[6]	0.01%*

SERIES F - NET ASSETS PER UNIT For the period since July 28, 2014 (date of commencement of operations) to December 31, 2014		
Net Assets, beginning of period[1]	**$**	**10.00**
Increase (decrease) from operations:		
Total revenue		0.13
Total expenses		(0.04)
Realized gains (loss) for the period		(0.08)
Unrealized gains (loss) for the period		0.02
Total increase (decrease) from operations[1]:	**$**	**0.03**
Distributions[2]:		
From income (excluding dividends)		-
From dividends		-
Return of capital		(0.12)
Total distributions		**(0.12)**
Net Assets, end of period[1]	**$**	**9.93**

SERIES F - RATIOS AND SUPPLEMENTAL DATA[7] For the period since July 28, 2014 (date of commencement of operations) to December 31, 2014	
Net Asset Value ("NAV") (000s)[1]	$20,079
Number of units outstanding	2,021,822
Management expense ratio[3]	0.99%*
Management expense ratio before waivers or absorptions[4]	1.60%*
Portfolio turnover rate[5]	282.56%
Trading expense ratio[6]	0.01%*

SERIES FI - NET ASSETS PER UNIT For the period since August 21, 2014 (date of commencement of operations) to December 31, 2014		
Net Assets, beginning of period[1]	**$**	**10.00**
Increase (decrease) from operations:		
Total revenue		0.12
Total expenses		(0.04)
Realized gains (loss) for the period		(0.09)
Unrealized gains (loss) for the period		0.03
Total increase (decrease) from operations[1]:	**$**	**0.02**
Distributions[2]:		
From income (excluding dividends)		-
From dividends		-
Return of capital		(0.18)
Total distributions		**(0.18)**
Net Assets, end of period[1]	**$**	**9.86**

SERIES FI - RATIOS AND SUPPLEMENTAL DATA[7] For the period since August 21, 2014 (date of commencement of operations) to December 31, 2014	
Net Asset Value ("NAV") (000s)[1]	$2,116
Number of units outstanding	214,531
Management expense ratio[3]	1.01%*
Management expense ratio before waivers or absorptions[4]	1.74%*
Portfolio turnover rate[5]	282.56%
Trading expense ratio[6]	0.01%*

SERIES FN - NET ASSETS PER UNIT For the period since December 5, 2014 (date of commencement of operations) to December 31, 2014		
Net Assets, beginning of period[1]	**$**	**10.00**
Increase (decrease) from operations:		
Total revenue		0.03
Total expenses		(0.01)
Realized gains (loss) for the period		(0.02)
Unrealized gains (loss) for the period		(0.02)
Total increase (decrease) from operations[1]:	**$**	**(0.02)**
Distributions[2]:		
From income (excluding dividends)		-
From dividends		-
Return of capital		-
Total distributions		**-**
Net Assets, end of period[1]	**$**	**9.98**

SERIES FN - RATIOS AND SUPPLEMENTAL DATA[7] For the period since December 5, 2014 (date of commencement of operations) to December 31, 2014	
Net Asset Value ("NAV") (000s)[1]	$140
Number of units outstanding	14,000
Management expense ratio[3]	1.09%*
Management expense ratio before waivers or absorptions[4]	4.63%*
Portfolio turnover rate[5]	282.56%
Trading expense ratio[6]	0.01%*

*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 audited annual financial statements. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year. 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.
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.

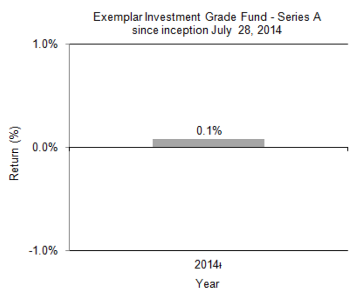
Past Performance

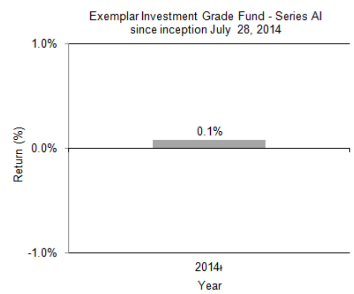
The performance information shown below assumes that all distributions, if any, made by the Fund in the period shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital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

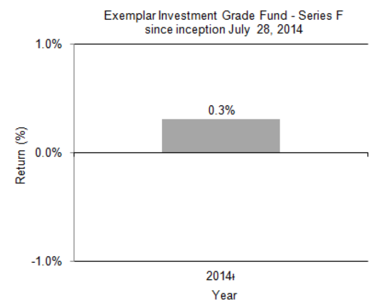
The indicated rates of return are historical annual compounded total returns including changes in unit value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or performance. An investment in the Fund is not guaranteed.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

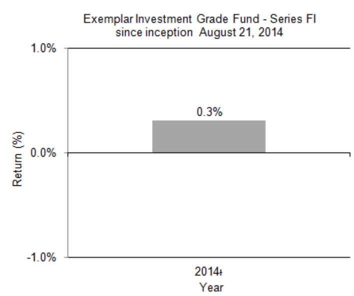
Year-By-Year Returns

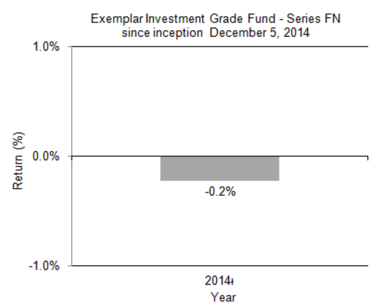
The bar chart below illustrates the Fund's performance for the period since inception to December 31, 2014. It shows, in percentage terms, how much an investment made on the first day of each financial year (or since inception) would have grown or decreased.











†Returns shown represent a partial year.

Annual Compound Returns (Compound Performance)

The following table shows the total returns of the Fund and for the FTSE TMX Canada All Corporate Bond Index (a market cap weighted index designed to be a broad measure of the Canadian investment grade fixed income market) for the period shown ended December 31, 2014. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

	Since Inception
Series A	0.1%
Series AI	0.1%
Series F	0.3%
Series FI	0.3%
Series FN	(0.2)%
FTSE TMX Canada All Corporate Bond Index (beginning July 28, 2014)	2.7%

Summary of Investment Portfolio as at December 31, 2014

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.

Top 25 Holdings	% of Net Assets
Cash	9.7%
BCE Inc.	7.4%
Loblaw Cos. Ltd.	5.9%
Aon Finance N.S. 1	5.1%
TransCanada PipeLines Ltd.	4.7%
Shaw Communications Inc.	4.2%
Enbridge Income Fund	4.0%
Enbridge Income Fund Holdings Inc.	3.9%
Ventas Canada Finance Ltd.	3.5%
Leisureworld Senior Care L.P.	3.5%
Videotron Ltd.	3.4%
Cominar REIT	3.4%
Goldman Sachs Group Inc.	3.2%
Choice Properties REIT	3.1%
Thomson Reuters Corp.	2.8%
AltaGas Ltd.	2.8%
Penske Truck Leasing Canada Inc.	2.7%
Ford Credit Canada Ltd.	2.7%
TELUS Corp.	2.7%
Enmax Corp.	2.7%
Citigroup Inc.	2.5%
RioCan REIT	2.3%
Manitoba Telecom Services Inc.	2.3%
HSBC Bank Canada	1.9%
Enbridge Inc.	1.8%
Total	**92.2%**
Total Net Assets	**$37,943,886**

Regional Weightings	% of Net Assets
Canada	86.4%
U.S.	7.4%
Global	0.6%

Sector Weightings	% of Net Assets
Communications	24.0%
Consumer, Cyclical	2.9%
Consumer, Non-cyclical	12.1%
Energy	9.3%
Financials	31.6%
Government	0.6%
Utilities	13.9%