

## **EXEMPLAR INVESTMENT GRADE FUND**

### **SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

For the period ended June 30, 2017

This semi-annual Management Report of Fund Performance contains financial highlights but does not contain the complete semi-annual financial statements for Exemplar Investment Grade Fund (the "Fund"). If you have not received a copy of the semi-annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the semi-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).

Security holders may also contact us using one of these methods to request a copy of the Fund's semi-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 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 of 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 six month period ended June 30, 2017, Series F units of the Fund posted a gain of 2.6% (2.9% in 2016) while its benchmark, the FTSE TMX Canada Universe Bond Index, gained 2.4% for the same period (4.1% in 2016) 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 F largely because of varying levels of expenses charged to each series, as explained in the Management Fee section.

Investment Grade (IG) spreads in Canada narrowed 17bps and have remained resilient in the face of slowing equity markets and rising interest rates. Most of the narrowing occurred in the first month of the year and spreads have traded in a narrow range since mid-February. Because of this we have been able to earn strong returns early and have seen below average volatility in the Fund's performance. High Yield spreads continued to tighten which came as a surprise as we feel spreads on these bonds don't offer compensation for the risks but investors continued to bid on the high yielding asset class.

Interest rates were the big story in the first half of 2017. In Canada we saw the BoC change their tone on the appropriateness of interest rate hikes and 2-year rates moved up 36bps from the beginning of the year. 10-year rates in Canada were only up 4bps in the first six months ending the first half of the year at 1.76%. However, as recent as June 26th they were trading at 1.46%, with a dramatic 30bps move in the last few days of the month. The U.S. saw almost an exact same flattening of their yield curve with 2-year yields rising only 19bps while their 10-year yields fell 14bps. Although credit spreads are generally uncorrelated with movements in interest rates, a move higher in rates has been positive for investment grade credit spreads.

Oil has fallen 20% YTD which has had a drag on specific names. We have not had exposure to energy producers so we have not felt the impact of lower oil prices on our names. One of our best performing sectors however was Enbridge and TransCanada pipelines, which have long-term contracted revenue streams and are top-notch operators.

Over the last year we have outperformed long-only benchmarks due to security selection as well as our strategy of hedging underlying interest rates. Credit spreads are tighter than they were last year but still offer opportunities for active managers and we are excited about our performance in the first half of 2017 as well as our prospects for the rest of the year.

### Recent Developments

There are no recent developments for the Fund.

### Related Party Transactions

As of June 30, 2017, Arrow held 506 Series I units of the Fund with a market value of \$5,425. 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, Series AN units and Series U units is equal to 1.3% per annum. The Management Fee rate applicable to Series F units, Series FI units, Series FN units and Series G 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 ended June 30, 2017, Management Fees charged to the Fund equaled \$425,482 (\$244,083 in 2016). 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, U	Series F, FI, FN, G	Series I
Management Fees (Annual Rate)	1.3%	0.8%	Negotiable
Trailer Fees (as a % of Management Fees)	15.4%	-	-

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the period ended June 30, 2017, the Manager has, in its discretion, agreed to absorb \$78,266 of operating expenses associated with the Fund (\$83,931 in 2016).

## 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>				
For the period ended June 30, 2016 and for the years ended December 31,				
	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 9.72</b>	<b>\$ 9.36</b>	<b>\$ 9.91</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.16	0.40	0.38	0.12
Total expenses	(0.08)	(0.16)	(0.13)	(0.06)
Realized gains (loss)	0.13	0.02	(0.23)	(0.07)
Unrealized gains (loss)	(0.02)	0.37	(0.28)	0.01
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.19</b>	<b>\$ 0.63</b>	<b>\$ (0.26)</b>	<b>\$ (0.00)</b>
<b>Distributions<sup>2</sup>:</b>				
From capital gains	-	(0.17)	-	-
From income (excluding dividends)	(0.14)	(0.12)	(0.08)	-
Return of capital	-	-	(0.22)	(0.12)
<b>Total distributions</b>	<b>\$ (0.14)</b>	<b>\$ (0.29)</b>	<b>\$ (0.30)</b>	<b>\$ (0.12)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 9.80</b>	<b>\$ 9.72</b>	<b>\$ 9.36</b>	<b>\$ 9.91</b>

<b>SERIES A - RATIOS AND SUPPLEMENTAL DATA<sup>7</sup></b>				
For the period ended June 30, 2016 and for the years ended December 31,				
	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$24,327	\$14,184	\$14,295	\$13,673
Number of units outstanding	2,483,119	1,459,186	1,526,674	1,380,046
Management expense ratio <sup>3</sup>	1.63%*	1.63%	1.65%	1.62%*
Management expense ratio before waivers or absorptions <sup>4</sup>	1.81%*	1.94%	1.86%	2.23%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%	347.78%	282.56%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%	0.04%	0.01%*
Net asset value per unit	\$9.80	\$9.72	\$9.36	\$9.91

<b>SERIES AI - NET ASSETS PER UNIT</b>				
For the period ended June 30, 2016 and for the years ended December 31,				
	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 9.28</b>	<b>\$ 9.11</b>	<b>\$ 9.84</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.15	0.39	0.38	0.12
Total expenses	(0.08)	(0.15)	(0.13)	(0.06)
Realized gains (loss)	0.13	0.03	(0.23)	(0.07)
Unrealized gains (loss)	0.00	0.37	(0.27)	0.02
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.20</b>	<b>\$ 0.64</b>	<b>\$ (0.25)</b>	<b>\$ 0.01</b>
<b>Distributions<sup>2</sup>:</b>				
From capital gains	-	(0.17)	-	-
From income (excluding dividends)	(0.23)	(0.13)	(0.09)	-
Return of capital	-	(0.16)	(0.40)	(0.20)
<b>Total distributions</b>	<b>\$ (0.23)</b>	<b>\$ (0.46)</b>	<b>\$ (0.49)</b>	<b>\$ (0.20)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 9.27</b>	<b>\$ 9.28</b>	<b>\$ 9.11</b>	<b>\$ 9.84</b>

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

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$3,539	\$2,549	\$1,801	\$1,936
Number of units outstanding	381,951	274,643	197,676	196,748
Management expense ratio <sup>3</sup>	1.58%*	1.57%	1.62%	1.54%*
Management expense ratio before waivers or absorptions <sup>4</sup>	1.76%*	1.88%	1.83%	2.17%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%	347.78%	282.56%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%	0.04%	0.01%*
Net asset value per unit	\$9.27	\$9.28	\$9.11	\$9.84

**SERIES AN - NET ASSETS PER UNIT**

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.10</b>	<b>\$ 9.71</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:			
Total revenue	0.15	0.43	0.73
Total expenses	(0.08)	(0.17)	(0.25)
Realized gains (loss)	0.14	0.06	(0.44)
Unrealized gains (loss)	0.00	0.39	(0.52)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.21</b>	<b>\$ 0.71</b>	<b>\$ (0.48)</b>
<b>Distributions<sup>2</sup>:</b>			
From capital gains	-	(0.19)	-
From income (excluding dividends)	-	(0.10)	(0.06)
Return of capital	-	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ (0.29)</b>	<b>\$ (0.06)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.33</b>	<b>\$ 10.10</b>	<b>\$ 9.71</b>

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

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$4,630	\$3,180	\$1,991
Number of units outstanding	448,057	314,815	205,057
Management expense ratio <sup>3</sup>	1.59%*	1.61%	1.69%*
Management expense ratio before waivers or absorptions <sup>4</sup>	1.77%*	1.91%	1.91%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%	347.78%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%	0.04%*
Net asset value per unit	\$10.33	\$10.10	\$9.71

**SERIES F - NET ASSETS PER UNIT**

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>9.84</b>	<b>\$ 9.44</b>	<b>\$ 9.93</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.17	0.42	0.35	0.13
Total expenses	(0.06)	(0.11)	(0.12)	(0.04)
Realized gains (loss)	0.14	(0.01)	(0.21)	(0.08)
Unrealized gains (loss)	(0.04)	0.37	(0.25)	0.02
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>0.21</b>	<b>\$ 0.67</b>	<b>\$ (0.23)</b>	<b>\$ 0.03</b>
<b>Distributions<sup>2</sup>:</b>				
From capital gains	-	(0.17)	-	-
From income (excluding dividends)	(0.14)	(0.14)	(0.17)	-
Return of capital	-	-	(0.13)	(0.12)
<b>Total distributions</b>	<b>(0.14)</b>	<b>\$ (0.31)</b>	<b>\$ (0.30)</b>	<b>\$ (0.12)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>9.94</b>	<b>\$ 9.84</b>	<b>\$ 9.44</b>	<b>\$ 9.93</b>

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

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$68,478	\$34,961	\$34,250	\$20,079
Number of units outstanding	6,887,152	3,554,196	3,627,975	2,021,822
Management expense ratio <sup>3</sup>	1.08%*	1.08%	1.08%	0.99%*
Management expense ratio before waivers or absorptions <sup>4</sup>	1.26%*	1.39%	1.22%	1.60%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%	347.78%	282.56%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%	0.04%	0.01%*
Net asset value per unit	\$9.94	\$9.84	\$9.44	\$9.93

**SERIES FI - NET ASSETS PER UNIT**

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 9.41</b>	<b>\$ 9.19</b>	<b>\$ 9.86</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.15	0.40	0.30	0.12
Total expenses	(0.05)	(0.10)	(0.10)	(0.04)
Realized gains (loss)	0.12	0.05	(0.18)	(0.09)
Unrealized gains (loss)	0.01	0.30	(0.22)	0.03
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.23</b>	<b>\$ 0.65</b>	<b>\$ (0.20)</b>	<b>\$ 0.02</b>
<b>Distributions<sup>2</sup>:</b>				
From capital gains	-	(0.17)	-	-
From income (excluding dividends)	(0.23)	(0.17)	(0.14)	-
Return of capital	-	(0.12)	(0.35)	(0.18)
<b>Total distributions</b>	<b>\$ (0.23)</b>	<b>\$ (0.46)</b>	<b>\$ (0.49)</b>	<b>\$ (0.18)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 9.42</b>	<b>\$ 9.41</b>	<b>\$ 9.19</b>	<b>\$ 9.86</b>

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

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$4,683	\$4,104	\$2,308	\$2,116
Number of units outstanding	496,890	436,032	251,235	214,531
Management expense ratio <sup>3</sup>	1.05%*	1.05%	1.06%	1.01%*
Management expense ratio before waivers or absorptions <sup>4</sup>	1.23%*	1.35%	1.20%	1.74%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%	347.78%	282.56%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%	0.04%	0.01%*
Net asset value per unit	\$9.42	\$9.41	\$9.19	\$9.86

**SERIES FN - NET ASSETS PER UNIT**

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015	2014 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.10</b>	<b>\$ 9.68</b>	<b>\$ 9.98</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:				
Total revenue	0.17	0.43	0.74	0.03
Total expenses	(0.06)	(0.11)	(0.25)	(0.01)
Realized gains (loss)	0.15	0.05	(0.45)	(0.02)
Unrealized gains (loss)	(0.06)	0.39	(0.53)	(0.02)
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.20</b>	<b>\$ 0.76</b>	<b>\$ (0.49)</b>	<b>\$ (0.02)</b>
<b>Distributions<sup>2</sup>:</b>				
From capital gains	-	(0.18)	-	-
From income (excluding dividends)	-	(0.13)	(0.10)	-
Return of capital	-	-	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ (0.31)</b>	<b>\$ (0.10)</b>	<b>\$ -</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.36</b>	<b>\$ 10.10</b>	<b>\$ 9.68</b>	<b>\$ 9.98</b>

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

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015	2014 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$8,331	\$3,150	\$1,429	\$140
Number of units outstanding	803,852	311,722	147,719	14,000
Management expense ratio <sup>3</sup>	1.08%*	1.06%	1.13%	1.09%*
Management expense ratio before waivers or absorptions <sup>4</sup>	1.25%*	1.37%	1.28%	4.63%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%	347.78%	282.56%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%	0.04%	0.01%*
Net asset value per unit	\$10.36	\$10.10	\$9.68	\$9.98

**SERIES I - NET ASSETS PER UNIT**

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup></b>	<b>\$ 10.41</b>	<b>\$ 10.00</b>
Increase (decrease) from operations:		
Total revenue	0.16	0.31
Total expenses	(0.01)	(0.02)
Realized gains (loss)	0.14	0.22
Unrealized gains (loss)	0.02	0.38
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ 0.31</b>	<b>\$ 0.89</b>
<b>Distributions<sup>2</sup>:</b>		
From capital gains	-	(0.18)
From income (excluding dividends)	-	(0.13)
Return of capital	-	-
<b>Total distributions</b>	<b>\$ -</b>	<b>\$ (0.31)</b>
<b>Net Assets, end of period<sup>1</sup></b>	<b>\$ 10.72</b>	<b>\$ 10.41</b>

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

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$5	\$5
Number of units outstanding	506	506
Management expense ratio <sup>3</sup>	0.212%*	0.23%*
Management expense ratio before waivers or absorptions <sup>4</sup>	0.38%*	0.54%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%*
Net asset value per unit	\$10.72	\$10.41

**SERIES G - NET ASSETS PER UNIT**

For the period ended June 30, 2016 and for the years ended December 31,

	2017	2016	2015 <sup>†</sup>
<b>Net Assets, beginning of period<sup>1</sup> - CAD</b>	<b>\$ 13.46</b>	<b>\$ 13.29</b>	<b>\$ 12.94</b>
Increase (decrease) from operations:			
Total revenue	0.47	0.45	(0.88)
Total expenses	(0.08)	(0.14)	0.30
Realized gains (loss)	0.22	0.01	0.53
Unrealized gains (loss)	(1.70)	0.17	0.63
<b>Total increase (decrease) from operations<sup>1</sup>:</b>	<b>\$ (1.07)</b>	<b>\$ 0.49</b>	<b>\$ 0.58</b>
<b>Distributions<sup>2</sup>:</b>			
From capital gains	-	(0.14)	(0.14)
From income (excluding dividends)	(0.14)	(0.15)	-
Return of capital	-	-	(0.03)
<b>Total distributions</b>	<b>\$ (0.14)</b>	<b>\$ (0.29)</b>	<b>\$ (0.17)</b>
<b>Net Assets, end of period<sup>1</sup> - CAD</b>	<b>\$ 13.17</b>	<b>\$ 13.46</b>	<b>\$ 13.29</b>
<b>Net Assets, beginning of period<sup>1</sup> - USD</b>	<b>\$ 10.02</b>	<b>\$ 9.60</b>	<b>\$ 10.00</b>
<b>Net Assets, end of period<sup>1</sup> - USD</b>	<b>\$ 10.16</b>	<b>\$ 10.02</b>	<b>\$ 9.60</b>

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

For the period ended June 30, 2016 and for the years ended December 31,	2017	2016	2015 <sup>†</sup>
Net Asset Value ("NAV") (000s) <sup>1</sup>	\$1,699	\$56	\$62
Number of units outstanding	128,930	4,176	4,691
Management expense ratio <sup>3</sup>	1.04%*	1.05%	1.12%*
Management expense ratio before waivers or absorptions <sup>4</sup>	1.21%*	1.35%	1.27%*
Portfolio turnover rate <sup>5</sup>	386.31%	663.00%	347.78%
Trading expense ratio <sup>6</sup>	0.07%*	0.09%	0.04%*
Net asset value per unit (USD)	\$10.16	\$10.02	\$9.60

<sup>†</sup>The Fund was launched on June 27, 2014. Series A, AI and F units began operations on July 28, 2014. Series FI units began operations on August 21, 2014. Series FN units began operations on December 5, 2014. Series AN units began operations on January 29, 2015. Series G units began operations on July 15, 2015. Series I units began operations on April 01, 2016.

\*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.

**Past Performance**

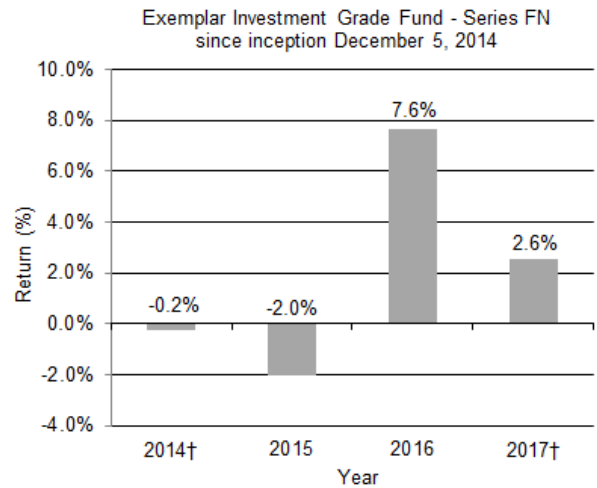
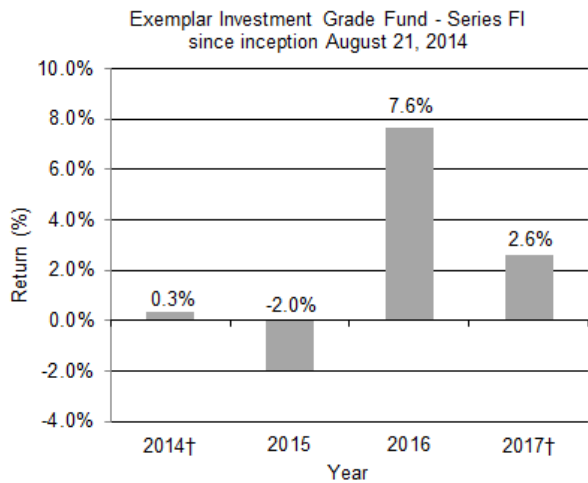
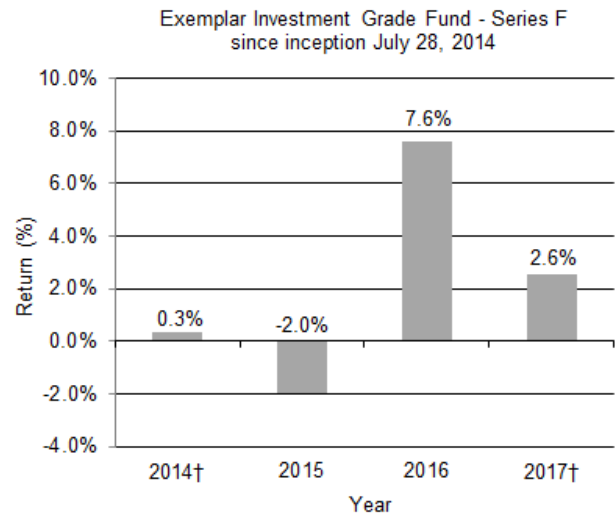
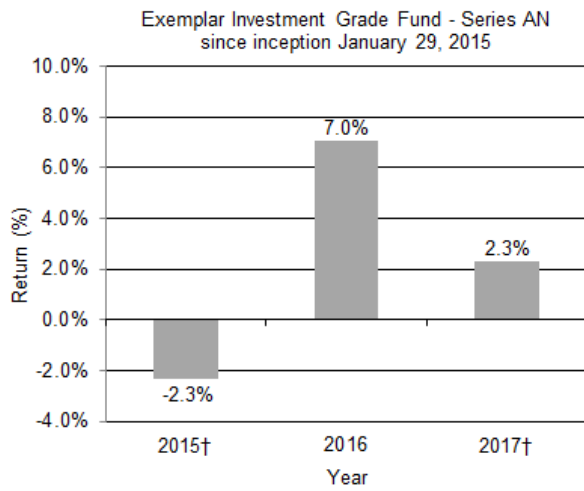
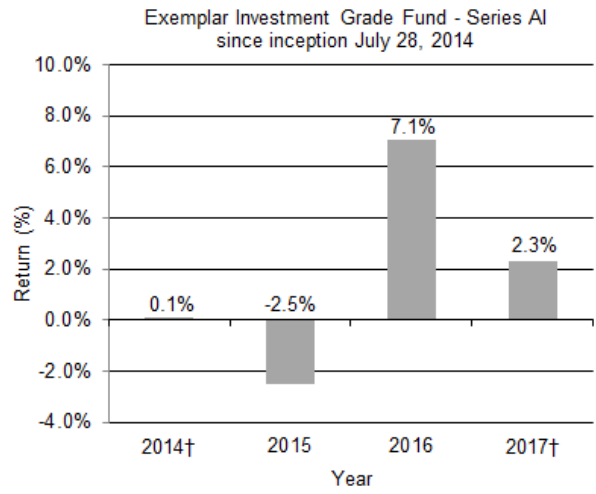
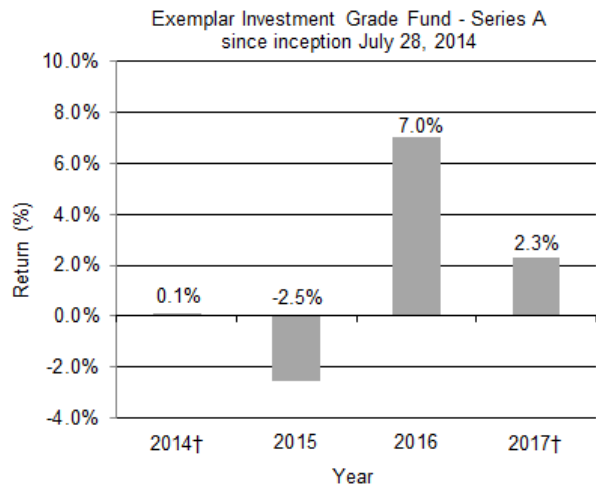
The performance information shown below assumes that all distributions, if any, made by the Fund in the periods shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital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

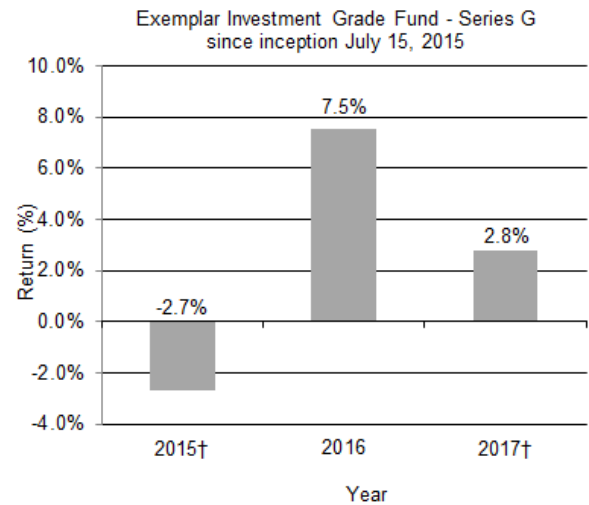
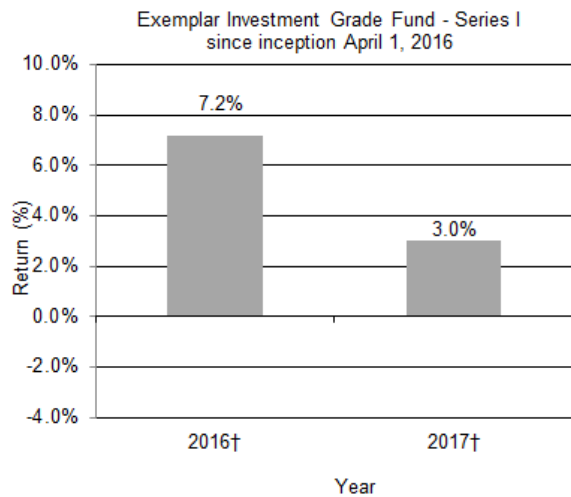
The indicated rates of return are historical annual compounded total returns including changes in unit value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or performance. An investment in the Fund is not guaranteed.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

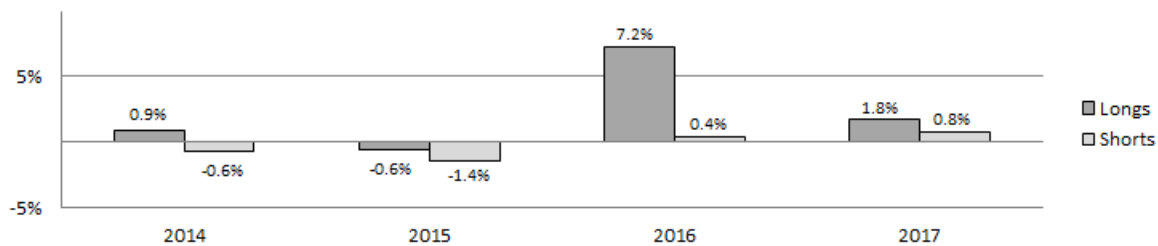






†Returns shown represent a partial year.

The chart below illustrates the Fund's returns for Series F for the period ended June 30, 2017 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 total returns of the Fund and for its benchmark, the FTSE TMX Canada Universe 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 June 30, 2017. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

	1 Year	Annualized Since Inception
Series A	6.6%	2.3%
Series AI	6.7%	2.3%
Series AN	6.7%	2.7%
Series F	7.2%	2.8%
Series FI	7.3%	2.9%
Series FN	7.2%	3.0%
Series I	8.2%	8.2%
Series G	7.7%	3.8%
FTSE TMX Canada Universe Bond Index	0.0%	3.7%

## Summary of Investment Portfolio as at June 30, 2017

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).

Sector	Exposure (%)	Top 25 Holdings	%
Corporate Bonds	83.1	Northgroup Preferred Capital Corporation	5.3
Equities	7.4	Canadian Imperial Bank of Commerce	4.7
Federal Bonds	1.9	The Goldman Sachs Group, Inc.	4.5
Derivatives	1.2	Anheuser-Busch Inbev Finance Inc.	4.4
Cash and Cash Equivalents	1.9	Wells Fargo & Company	4.2
Other Net Assets	4.5	AT&T Inc.	4.2
	<b>100.0</b>	Bruce Power L.P.	4.1
		Bank of Montreal	3.6
		Ford Credit Canada Company	3.5
		Wells Fargo & Company	3.4
		TransCanada Trust	3.4
		The Goldman Sachs Group, Inc.	2.9
		Bank of America Corporation	2.8
		Bank of Montreal	2.5
		Morgan Stanley	2.5
		Bank of Montreal - Preferred Series 42	2.3
		Shaw Communications Inc.	2.2
		JPMorgan Chase & Co.	2.1
		Fairfax Financial Holdings Limited	2.0
		Citigroup Inc.	2.0
		Inter Pipeline Ltd.	2.0
		Cash and Cash Equivalents	1.9
		First Capital Realty Inc.	1.9
		HSBC Bank Canada	1.8
		Bank of Canada	1.8
		<b>Total</b>	<b>76.0</b>
		<b>Total Net Asset Value (in \$ millions)</b>	<b>115.7</b>

Credit Rating <sup>(1)</sup>	% of Total Debt Securities
AAA	2.3
AA	6.1
A	12.9
BBB	76.7
Below BBB	-
Not Rated	2.0
	<b>100.0</b>

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