

EXEMPLAR INVESTMENT GRADE FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2018

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

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

Forward-Looking Information

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

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

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

Management Discussion on Fund Performance

Investment Objective and Strategies

The investment objective of the Fund is to 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 year 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 year ended December 31, 2018, Series F units of the Fund posted a loss of 0.5% (3.9% in 2017) while its benchmark, the FTSE TMX Canada Universe Bond Index, gained 1.4% for the same year (2.5% in 2017) for the same year. Please refer to the Past Performance section for the performance of the other Series. The performance of the other Series offered by the Fund differs from Series F largely because of varying levels of expenses charged to each series, as explained in the Management Fee section.

It's fair to assume almost every trader on the planet was happy to kiss 2018 goodbye – with the S&P 500 -9.0% (even after a 6% bounce from the lows) and the S&P TSX -5.4% in December alone. On the year, equity markets were down -9% in Canada and -4% in the U. S., it is probably fair to say all asset classes were extremely pressured in 2018 – in fact, even "risk-free" assets such as Government bonds hadn't made a positive return on the year until Q4 and only posted a +2.7% after strong November and December months. Interest rates were extremely volatile – moving 20bps+ in a single month multiple times over the course of 2018 – but closing the year virtually unchanged. Canadian interest rate curve ended the year with 10yr Canadian bonds trading less than 0.25% above the O/N rate.

Canadian credit spreads which had already weakened on the year saw massive widening in Q4:

- Canadian IG spreads were weaker by 39bps in Q4 and widened a total of 53bps in 2018 (or 62bps from February tights). This is in line with U.S. IG credit spreads.
- Risk finally started to re-price, as premiums increased in Q4, after having been non-existent through the first three quarters of 2018. Barclays U.S. indices show increasing risk premiums:
- HY/IG: BB/BBB widened 85bps on quarter
- A/BBB: widened 27bps on quarter

The widening of credit spreads has resulted in current yields increasing substantially over the course of 2018 making the carry on the portfolio much more compelling.

Corporate supply was 15% lower than 2017 as Canadian IG corporations issued \$98 billion in 2018 as compared to \$115 billion last year. We were on track for a larger issuance year in 2018 until the massive “risk off” sentiment in Q4. Issuance in the last quarter of the year was extremely limited and December only saw 4 deals print prior to December 3rd when all issuance stopped for the year. As an aside, January has seen very strong issuance as tone has improved vastly in January – with spread tightening substantially – so any issuer who was sidelined in Q4 appears to be coming to market in 2019 instead.

Market event risk has had a greater impact on lower rated and longer dated credit spreads. Credit curves, like interest rate curves, had flattened substantially in 2018 up until Q4. While we saw an underperformance of longer dated maturities in the quarter, we believe credit curves remain too flat

Our PMs continue to defensively position the portfolio with a focus on coupon yield and curve roll down to drive returns. That said, we did take the opportunity to add some risk in Q4 when liquidity premiums rose dramatically and we were able to add exposure at much cheaper levels than seen throughout the year.

Our core portfolio is always exposed to credit spreads and, as such, if spreads widen, the core holdings suffer a mark to market loss. That said, we have been very bearish in 2018 so have kept exposure focused on high quality, short maturity credit and have overlaid the portfolio with protection trades to help insulate against weakening credit spreads.

While supply could likely weigh on spreads in the New Year, we believe we are nearing the end of credit spread widening, as markets are pricing in a fairly significant recession and we are not convinced they are right. We were starting to see more and more value at year end and cautiously added small amounts of risk. We remain steadfast in our belief that the key to extracting value in corporate bonds is removing interest rates - especially with the flatness of the rates curve and the extremely low outright yield levels (10yrs sub 2%). The yield on our portfolio has risen substantially in 2018 and we are very optimistic about our fund's return prospects in 2019.

Recent Developments

There are no recent developments for the Fund.

Related Party Transactions

As of December 31, 2018, Arrow held 533 Series I units of the Fund with a market value of \$5,544. 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, Series G units and Series ETF 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 year ended December 31, 2018, Management Fees charged to the Fund equaled \$1,506,393 (\$1,053,508 in 2017). The Management Fee is paid in consideration of investment management

and administration services. No breakdown of such services was specified in the management agreement. 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, ETF	Series I
Management Fees (Annual Rate)	1.3%	0.8%	Negotiable
Trailer Fees* (as a % of Management Fees)	38.3%	-	-

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

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the year ended December 31, 2018, the Manager has, in its discretion, agreed to absorb \$98,417 of operating expenses associated with the Fund (\$123,518 in 2017).

Financial Highlights

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

SERIES A - NET ASSETS PER UNIT					
For the years ended December 31,					
	2018	2017	2016	2015	2014 [†]
Net Assets, beginning of year¹	\$ 9.75	\$ 9.72	\$ 9.36	\$ 9.91	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.39	0.32	0.40	0.38	0.12
Total expenses	(0.16)	(0.17)	(0.16)	(0.13)	(0.06)
Realized gains (loss)	(0.18)	0.06	0.02	(0.23)	(0.07)
Unrealized gains (loss)	(0.15)	0.06	0.37	(0.28)	0.01
Total increase (decrease) from operations¹:	\$ (0.10)	\$ 0.27	\$ 0.63	\$ (0.26)	\$ -
Distributions²:					
From income (excluding dividends)	(0.25)	(0.21)	(0.12)	(0.08)	-
From capital gains	-	-	(0.17)	-	-
From return of capital	(0.04)	(0.08)	-	(0.22)	(0.12)
Total distributions	\$ (0.29)	\$ (0.29)	\$ (0.29)	\$ (0.30)	\$ (0.12)
Net Assets, end of year¹	\$ 9.37	\$ 9.75	\$ 9.72	\$ 9.36	\$ 9.91

SERIES A - RATIOS AND SUPPLEMENTAL DATA ⁷					
For the years ended December 31,					
	2018	2017	2016	2015	2014 [†]
Net Asset Value ("NAV") (000s) ¹	\$33,857	\$32,007	\$14,184	\$14,295	\$13,673
Number of units outstanding	3,612,725	3,281,116	1,459,186	1,526,674	1,380,046
Management expense ratio ^{3,8}	1.65%	1.63%	1.61%	1.63%	1.58%*
Management expense ratio before waivers or absorptions ^{4,8}	1.71%	1.74%	1.92%	1.84%	2.19%*
Portfolio turnover rate ⁵	542.98%	665.70%	663.00%	347.78%	282.56%
Trading expense ratio ^{6,8}	0.04%	0.07%	0.11%	0.06%	0.05%*
Net asset value per unit	\$9.37	\$9.75	\$9.72	\$9.36	\$9.91

SERIES AI - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Assets, beginning of year¹	\$ 9.14	\$ 9.28	\$ 9.11	\$ 9.84	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.37	0.31	0.39	0.38	0.12
Total expenses	(0.15)	(0.15)	(0.15)	(0.13)	(0.06)
Realized gains (loss)	(0.17)	0.05	0.03	(0.23)	(0.07)
Unrealized gains (loss)	(0.14)	0.07	0.37	(0.27)	0.02
Total increase (decrease) from operations¹:	\$ (0.09)	\$ 0.28	\$ 0.64	\$ (0.25)	\$ 0.01
Distributions²:					
From income (excluding dividends)	(0.25)	(0.20)	(0.13)	(0.09)	-
From capital gains	-	-	(0.17)	-	-
From return of capital	(0.21)	(0.26)	(0.16)	(0.40)	(0.20)
Total distributions	\$ (0.46)	\$ (0.46)	\$ (0.46)	\$ (0.49)	\$ (0.20)
Net Assets, end of year¹	\$ 8.60	\$ 9.14	\$ 9.28	\$ 9.11	\$ 9.84

SERIES AI - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Asset Value ("NAV") (000s) ¹	\$4,623	\$4,575	\$2,549	\$1,801	\$1,936
Number of units outstanding	537,584	500,780	274,643	197,676	196,748
Management expense ratio ^{3,8}	1.58%	1.58%	1.55%	1.60%	1.50%*
Management expense ratio before waivers or absorptions ^{4,8}	1.64%	1.69%	1.86%	1.81%	2.13%*
Portfolio turnover rate ⁵	542.98%	665.70%	663.00%	347.78%	282.56%
Trading expense ratio ^{6,8}	0.04%	0.07%	0.11%	0.06%	0.05%*
Net asset value per unit	\$8.60	\$9.14	\$9.28	\$9.11	\$9.84

SERIES AN - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹	\$ 10.26	\$ 10.10	\$ 9.71	\$ 10.00
Increase (decrease) from operations:				
Total revenue	0.42	0.34	0.43	0.73
Total expenses	(0.17)	(0.17)	(0.17)	(0.25)
Realized gains (loss)	(0.20)	0.07	0.06	(0.44)
Unrealized gains (loss)	(0.15)	0.07	0.39	(0.52)
Total increase (decrease) from operations¹:	\$ (0.10)	\$ 0.31	\$ 0.71	\$ (0.48)
Distributions²:				
From income (excluding dividends)	(0.23)	(0.18)	(0.10)	(0.06)
From capital gains	-	-	(0.19)	-
From return of capital	-	-	-	-
Total distributions	\$ (0.23)	\$ (0.18)	\$ (0.29)	\$ (0.06)
Net Assets, end of year¹	\$ 9.93	\$ 10.26	\$ 10.10	\$ 9.71

SERIES AN - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$5,732	\$5,292	\$3,180	\$1,991
Number of units outstanding	577,037	515,597	314,815	205,057
Management expense ratio ^{3 8}	1.61%	1.59%	1.59%	1.67%*
Management expense ratio before waivers or absorptions ^{4 8}	1.67%	1.70%	1.89%	1.89%*
Portfolio turnover rate ⁵	542.98%	665.70%	663.00%	347.78%
Trading expense ratio ^{6 8}	0.04%	0.07%	0.11%	0.06%*
Net asset value per unit	\$9.93	\$10.26	\$10.10	\$9.71

SERIES F - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Assets, beginning of year¹	\$ 9.93	\$ 9.84	\$ 9.44	\$ 9.93	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.40	0.33	0.42	0.35	0.13
Total expenses	(0.11)	(0.11)	(0.11)	(0.12)	(0.04)
Realized gains (loss)	(0.18)	0.06	(0.01)	(0.21)	(0.08)
Unrealized gains (loss)	(0.15)	0.05	0.37	(0.25)	0.02
Total increase (decrease) from operations¹:	\$ (0.04)	\$ 0.33	\$ 0.67	\$ (0.23)	\$ 0.03
Distributions²:					
From income (excluding dividends)	(0.28)	(0.27)	(0.14)	(0.17)	-
From capital gains	-	-	(0.17)	-	-
From return of capital	(0.02)	(0.02)	-	(0.13)	(0.12)
Total distributions	\$ (0.30)	\$ (0.29)	\$ (0.31)	\$ (0.30)	\$ (0.12)
Net Assets, end of year¹	\$ 9.59	\$ 9.93	\$ 9.84	\$ 9.44	\$ 9.93

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Asset Value ("NAV") (000s) ¹	\$83,253	\$84,467	\$34,961	\$34,250	\$20,079
Number of units outstanding	8,684,027	8,506,130	3,554,196	3,627,975	2,021,822
Management expense ratio ^{3 8}	1.10%	1.08%	1.06%	1.06%	0.95%*
Management expense ratio before waivers or absorptions ^{4 8}	1.16%	1.19%	1.37%	1.20%	1.56%*
Portfolio turnover rate ⁵	542.98%	665.70%	663.00%	347.78%	282.56%
Trading expense ratio ^{6 8}	0.04%	0.07%	0.11%	0.06%	0.05%*
Net asset value per unit	\$9.59	\$9.93	\$9.84	\$9.44	\$9.93

SERIES FI - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Assets, beginning of year¹	\$ 9.32	\$ 9.41	\$ 9.19	\$ 9.86	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.38	0.32	0.40	0.30	0.12
Total expenses	(0.10)	(0.11)	(0.10)	(0.10)	(0.04)
Realized gains (loss)	(0.18)	0.07	0.05	(0.18)	(0.09)
Unrealized gains (loss)	(0.15)	0.07	0.30	(0.22)	0.03
Total increase (decrease) from operations¹:	\$ (0.05)	\$ 0.35	\$ 0.65	\$ (0.20)	\$ 0.02
Distributions²:					
From income (excluding dividends)	(0.29)	(0.26)	(0.17)	(0.14)	-
From capital gains	-	-	(0.17)	-	-
From return of capital	(0.17)	(0.20)	(0.12)	(0.35)	(0.18)
Total distributions	\$ (0.46)	\$ (0.46)	\$ (0.46)	\$ (0.49)	\$ (0.18)
Net Assets, end of year¹	\$ 8.83	\$ 9.32	\$ 9.41	\$ 9.19	\$ 9.86

SERIES FI - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Asset Value ("NAV") (000s) ¹	\$6,244	\$5,446	\$5,446	\$2,308	\$2,116
Number of units outstanding	707,025	584,286	584,286	251,235	214,531
Management expense ratio ^{3,8}	1.05%	1.05%	1.05%	1.04%	0.97%*
Management expense ratio before waivers or absorptions ^{4,8}	1.11%	1.16%	1.16%	1.18%	1.70%*
Portfolio turnover rate ⁵	542.98%	665.70%	665.70%	347.78%	282.56%
Trading expense ratio ^{6,8}	0.04%	0.07%	0.07%	0.06%	0.05%*
Net asset value per unit	\$8.83	\$9.32	\$9.32	\$9.19	\$9.86

SERIES FN - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Assets, beginning of year¹	\$ 10.34	\$ 10.10	\$ 9.68	\$ 9.98	\$ 10.00
Increase (decrease) from operations:					
Total revenue	0.43	0.34	0.43	0.74	0.03
Total expenses	(0.12)	(0.12)	(0.11)	(0.25)	(0.01)
Realized gains (loss)	(0.21)	0.04	0.05	(0.45)	(0.02)
Unrealized gains (loss)	(0.18)	0.06	0.39	(0.53)	(0.02)
Total increase (decrease) from operations¹:	\$ (0.08)	\$ 0.32	\$ 0.76	\$ (0.49)	\$ (0.02)
Distributions²:					
From income (excluding dividends)	(0.25)	(0.16)	(0.13)	(0.10)	-
From capital gains	-	-	(0.18)	-	-
From return of capital	-	-	-	-	-
Total distributions	\$ (0.25)	\$ (0.16)	\$ (0.31)	\$ (0.10)	\$ -
Net Assets, end of year¹	\$ 10.04	\$ 10.34	\$ 10.10	\$ 9.68	\$ 9.98

SERIES FN - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015	2014 [†]
Net Asset Value ("NAV") (000s) ¹	\$19,404	\$15,981	\$3,150	\$1,429	\$140
Number of units outstanding	1,931,962	1,545,306	311,722	147,719	14,000
Management expense ratio ^{3,8}	1.08%	1.08%	1.04%	1.11%	1.05%*
Management expense ratio before waivers or absorptions ^{4,8}	1.15%	1.19%	1.35%	1.26%	4.58%*
Portfolio turnover rate ⁵	542.98%	665.70%	663.00%	347.78%	282.56%
Trading expense ratio ^{6,8}	0.04%	0.07%	0.11%	0.06%	0.05%*
Net asset value per unit	\$10.04	\$10.34	\$10.10	\$9.68	\$9.98

SERIES I - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016 [†]
Net Assets, beginning of year¹	\$ 10.72	\$ 10.41	\$ 10.00
Increase (decrease) from operations:			
Total revenue	0.44	0.37	0.31
Total expenses	(0.03)	(0.03)	(0.02)
Realized gains (loss)	(0.20)	0.08	0.22
Unrealized gains (loss)	(0.17)	0.08	0.38
Total increase (decrease) from operations¹:	\$ 0.04	\$ 0.50	\$ 0.89
Distributions²:			
From income (excluding dividends)	(0.35)	(0.20)	(0.13)
From capital gains	-	-	(0.18)
From return of capital	-	-	-
Total distributions	\$ (0.35)	\$ (0.20)	\$ (0.31)
Net Assets, end of year¹	\$ 10.40	\$ 10.72	\$ 10.41

SERIES I - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016 [†]
Net Asset Value ("NAV") (000s) ¹	\$6	\$5	\$5
Number of units outstanding	533	515	506
Management expense ratio ^{3,8}	0.22%	0.20%	0.21%*
Management expense ratio before waivers or absorptions ^{4,8}	0.28%	0.31%	0.52%*
Portfolio turnover rate ⁵	542.98%	665.70%	663.00%
Trading expense ratio ^{6,8}	0.04%	0.07%	0.11%*
Net asset value per unit	\$10.40	\$10.72	\$10.41

SERIES G - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Assets, beginning of year¹ - CAD	\$ 12.79	\$ 13.46	\$ 13.29	\$ 12.94
Increase (decrease) from operations:				
Total revenue	1.25	(0.51)	0.45	(0.88)
Total expenses	(0.15)	(0.14)	(0.14)	0.30
Realized gains (loss)	(0.16)	0.06	0.01	0.53
Unrealized gains (loss)	0.26	(0.18)	0.17	0.63
Total increase (decrease) from operations¹:	\$ 1.20	\$ (0.77)	\$ 0.49	\$ 0.58
Distributions²:				
From income (excluding dividends)	(0.37)	(0.28)	(0.15)	-
From capital gains	-	-	(0.14)	(0.14)
From return of capital	(0.02)	(0.07)	-	(0.03)
Total distributions	\$ (0.39)	\$ (0.35)	\$ (0.29)	\$ (0.17)
Net Assets, end of year¹ - CAD	\$ 17.77	\$ 12.79	\$ 13.46	\$ 13.29
Net Assets, beginning of year¹ - USD	\$ 10.18	\$ 10.02	\$ 9.60	\$ 10.00
Net Assets, end of year¹ - USD	\$ 13.52	\$ 10.18	\$ 10.02	\$ 9.60

SERIES G - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017	2016	2015 [†]
Net Asset Value ("NAV") (000s) ¹	\$783	\$1,760	\$56	\$62
Number of units outstanding	57,951	137,568	4,176	4,691
Management expense ratio ^{3,8}	1.07%	1.05%	1.03%	1.10%*
Management expense ratio before waivers or absorptions ^{4,8}	1.14%	1.16%	1.33%	1.25%*
Portfolio turnover rate ⁵	542.98%	665.70%	663.00%	347.78%
Trading expense ratio ^{6,8}	0.04%	0.07%	0.11%	0.06%*
Net asset value per unit (USD)	\$13.52	\$10.18	\$10.02	\$9.60

SERIES ETF - NET ASSETS PER UNIT

For the years ended December 31,

	2018	2017 [†]
Net Assets, beginning of year¹	\$ 20.03	\$ 20.00
Increase (decrease) from operations:		
Total revenue	0.83	0.07
Total expenses	(0.22)	(0.02)
Realized gains (loss)	(0.38)	(0.08)
Unrealized gains (loss)	(0.31)	0.08
Total increase (decrease) from operations¹:	\$ (0.08)	\$ 0.05
Distributions²:		
From income (excluding dividends)	(0.53)	-
From capital gains	-	-
From return of capital	-	-
Total distributions	\$ (0.53)	\$ -
Net Assets, end of year¹	\$ 19.50	\$ 20.03

SERIES ETF - RATIOS AND SUPPLEMENTAL DATA⁷

For the years ended December 31,

	2018	2017 [†]
Net Asset Value ("NAV") (000s) ¹	\$4,388	\$2,003
Number of units outstanding	225,000	100,000
Management expense ratio ^{3 8}	1.07%	1.02%*
Management expense ratio before waivers or absorptions ^{4 8}	1.13%	1.13%*
Portfolio turnover rate ⁵	542.98%	665.70%
Trading expense ratio ^{6 8}	0.04%	0.07%
Net asset value per unit	\$19.50	\$20.02

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. Series ETF units began operations on December 1, 2017.

*Ratios have been annualized.

1. The net assets per unit shown are referenced to net assets attributable to holders of redeemable units determined in accordance with International Financial Reporting Standards ("IFRS") and are derived from the Fund's financial statements. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
2. Distributions, if any, were reinvested in additional units of the Fund at the discretion of the underlying unitholders.
3. Management expense ratio is based on total expenses (excluding certain taxes, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
4. The Manager has absorbed certain expenses or waived certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The Fund's portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading

costs payable by the fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.
8. The management expense ratio, management expense ratio before waivers or absorptions and trading expense ratio for the years ended 2016, 2015 and 2014 have been restated to reflect the reclassification of certain custodial transaction costs related to the purchase and sale of securities.

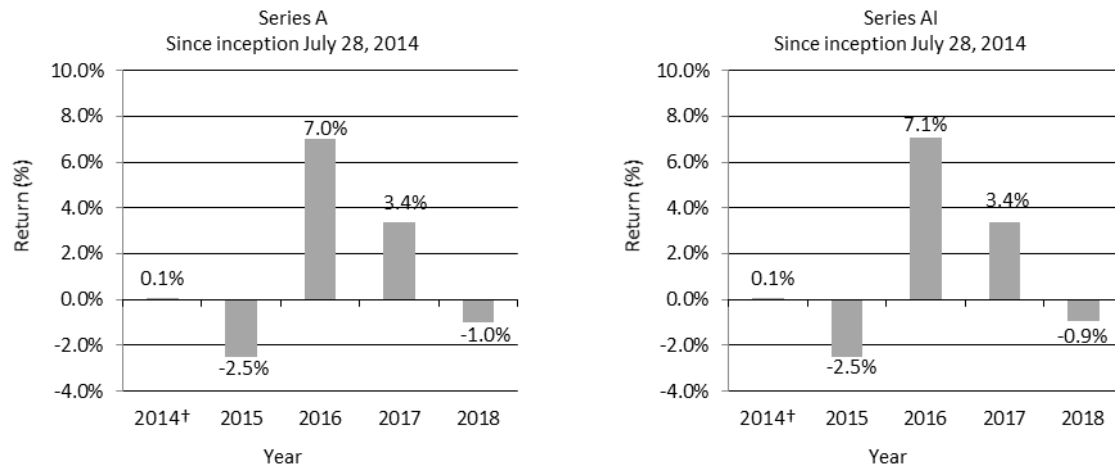
Past Performance

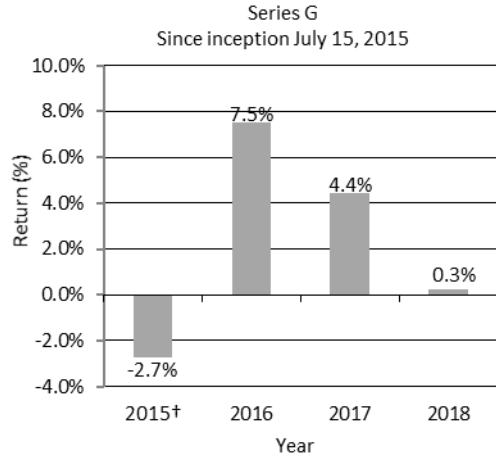
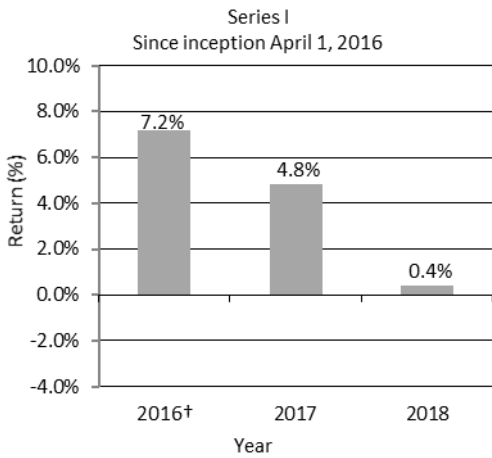
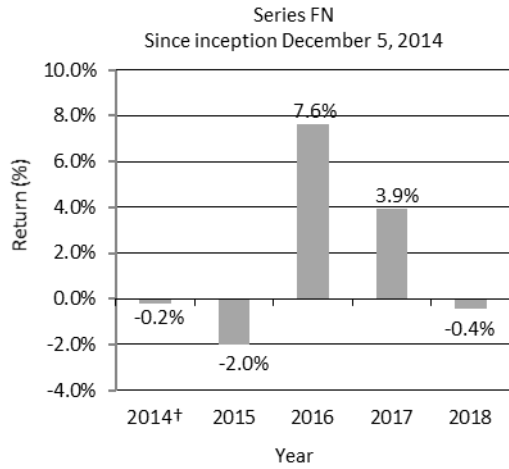
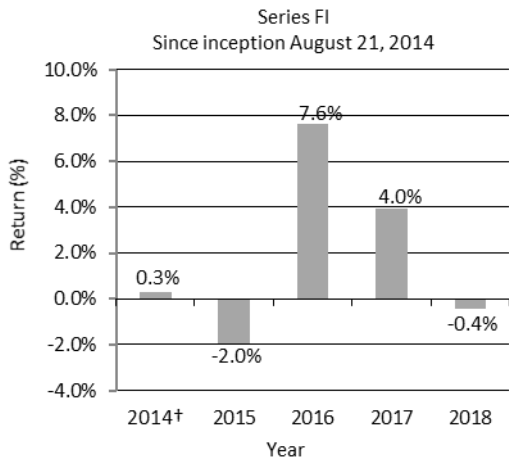
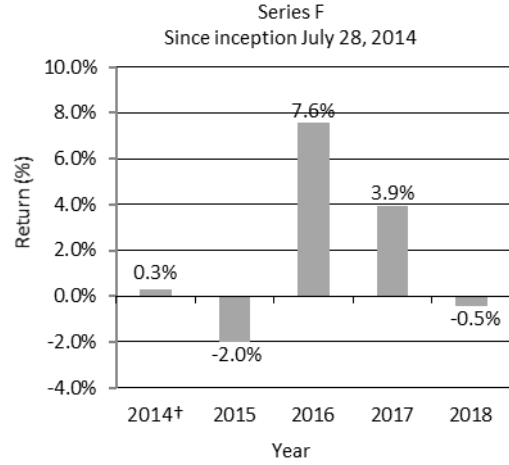
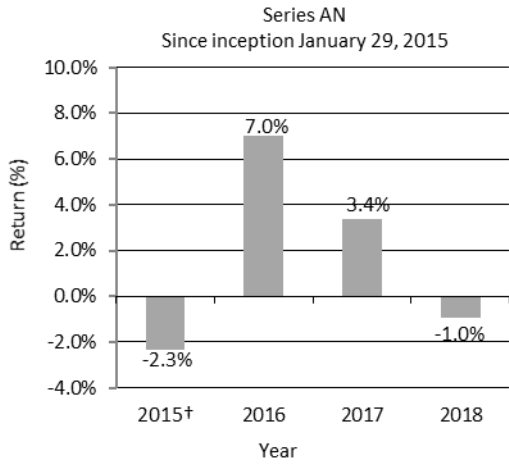
The performance information shown below assumes that all distributions, if any, made by the Fund in the periods shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital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

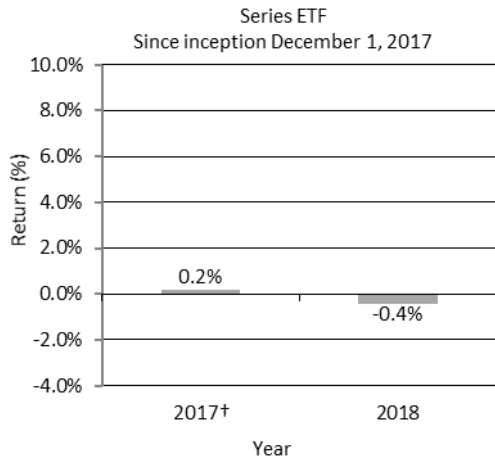
The indicated rates of return are historical annual compounded total returns including changes in unit value and do not take into account sale, redemption, distribution or other optional charges, that, if applicable, would have reduced returns or performance. An investment in the Fund is not guaranteed.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

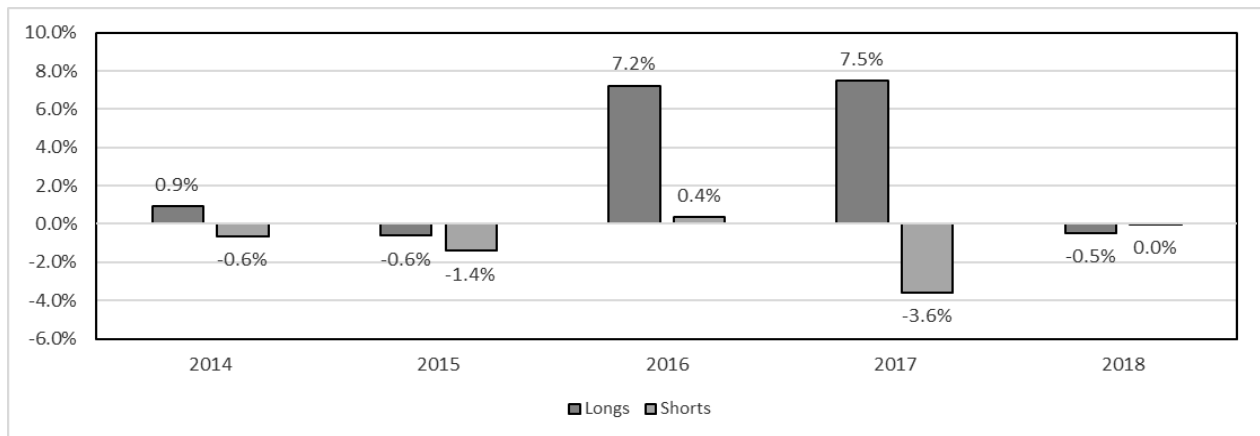
The bar chart below illustrates the Fund's performance for the years shown. It shows, in percentage terms, how much an investment made on the first day of each financial year (or since inception) would have grown or decreased.







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



†Returns shown represent a partial year.

Annual Compound Returns (Compound Performance)

The following table shows the 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 year shown ended December 31, 2018. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

	1 Year	3 Years	Annualized Since Inception
Series A	(1.0%)	3.1%	1.5%
Series AI	(0.9%)	3.1%	1.5%
Series AN	(1.0%)	3.1%	1.8%
Series F	(0.5%)	3.6%	2.1%
Series FI	(0.4%)	3.7%	2.1%
Series FN	(0.4%)	3.6%	2.2%
Series I	0.4%	N/A	4.5%
Series G	0.3%	N/A	2.8%
Series ETF	(0.4%)	N/A	(0.2%)
FTSE TMX Canada Universe Bond Index	1.4%	1.9%	2.8%

Summary of Investment Portfolio as at December 31, 2018

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

Industry Sector	Exposure (%)	
	Long (%)	Short (%)
Corporate Bonds	94.0	0.0
Derivatives	1.1	(0.9)
Equities	1.9	0.0
Federal Bonds	0.6	0.0
Cash and Cash Equivalents	2.8	-
Other Net Assets	0.5	-
Total	100.9	(0.9)

Credit Rating(1)	% of Total	
	Debt Securities	
AAA		0.7
AA		-
A		23.0
BBB		68.1
Below BBB		-
Not Rated		8.2
Total		100.0

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

Top 25 Holdings	%
Merrill Lynch & Co. Inc., Variable Rate, Callable	9.2%
Anheuser-Busch InBev Finance Inc., Callable	5.2%
Goldman Sachs Group Inc. (The), Variable Rate, Callable	5.1%
Morgan Stanley, Floating Rate, Callable	5.0%
Molson Coors International L.P., Callable	5.0%
Cominar REIT	4.9%
Ford Credit Canada Co., Floating Rate	4.4%
AT&T Inc., Callable	3.9%
Morgan Stanley, Floating Rate, Callable	3.6%
Enbridge Inc., Variable Rate	3.5%
Goldman Sachs Group Inc. (The)	3.4%
Bank of Montreal, Variable Rate, Callable	3.3%
Bell Canada, Series 'M-26', Callable	3.1%
AT&T Inc.	3.0%
Bruce Power L.P.	2.9%
Cash and Cash Equivalents	2.7%
TransCanada Trust, Variable Rate, Callable	2.6%
Laurentian Bank of Canada	2.4%
Inter Pipeline Ltd., Callable	2.4%
Enbridge Inc., Variable Rate, Callable	2.2%
Wells Fargo & Co.	2.1%
TELUS Corp.	1.6%
Choice Properties REIT, Series 'K', Callable	1.6%
Enbridge Inc., Variable Rate, Callable	1.6%
Choice Properties REIT	1.5%
Total (%)	86.2%

Total Net Asset Value (in \$ millions) 158.3