



## **UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS**

**JUNE 2017**

EXEMPLAR GROWTH AND INCOME FUND | EXEMPLAR INVESTMENT GRADE FUND |  
EXEMPLAR LEADERS FUND | EXEMPLAR PERFORMANCE FUND | EXEMPLAR TACTICAL  
CORPORATE BOND FUND



# EXEMPLAR GROWTH AND INCOME FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Financial assets designated at fair value through profit and loss	\$16,834,663	\$11,531,290
Financial assets held for trading		
Warrants at fair value	109,294	44,381
Unrealized gain on forward currency contracts	196,688	32,083
Cash	1,817,901	1,029,568
Margin deposit	46,459	419,457
Accrued dividends receivable	22,157	9,331
Accrued interest receivable	1,201	-
Receivable for securities sold	1,417,412	690,230
Receivable for units issued	23,461	49,760
	<u>20,469,236</u>	<u>13,806,100</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Financial liabilities held for trading		
Investments sold short	-	63,855
Unrealized loss on forward currency contracts	59,341	-
Payable for securities purchased	989,510	674,127
Accrued dividends payable	-	227
Payable for units redeemed	66,305	18,360
Other liabilities (Note 11)	26,951	21,043
	<u>1,142,107</u>	<u>777,612</u>
<b>Net assets attributable to holders of redeemable units</b>	<u>\$19,327,129</u>	<u>\$13,028,488</u>

Continued on next page.

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR GROWTH AND INCOME FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<i>Continued from previous page.</i>		
Net assets attributable to holders of redeemable units		
Series A	\$7,467,224	\$3,849,743
Series AN	\$1,409,659	\$1,757,300
Series F	\$1,745,864	\$918,546
Series FN	\$7,166,067	\$5,196,260
Series I	\$953,866	\$927,236
Series L	\$368,236	\$265,948
Series LN	\$216,213	\$113,455
Number of redeemable units outstanding (Note 8)		
Series A	720,074	369,276
Series AN	133,590	168,085
Series F	169,705	88,998
Series FN	667,199	489,600
Series I	93,136	90,330
Series L	36,238	26,060
Series LN	20,455	10,852
Net assets attributable to holders of redeemable units per unit		
Series A	\$10.37	\$10.43
Series AN	\$10.55	\$10.45
Series F	\$10.29	\$10.32
Series FN	\$10.74	\$10.61
Series I	\$10.24	\$10.26
Series L	\$10.16	\$10.21
Series LN	\$10.57	\$10.45

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Fund:

“James L. McGovern”

“Robert W. Maxwell”

James L. McGovern, Director

Robert W. Maxwell, Director

*The accompanying notes are an integral part of these financial statements.*

# EXEMPLAR GROWTH AND INCOME FUND

Statements of Comprehensive Income (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$
<b>INCOME</b>		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	5,855	1,750
Dividend income	184,477	57,842
Dividend expense on short sales	235	(5,743)
Securities lending income (net) (Note 10)	13,881	-
Net realized gain (loss) on investments and derivatives	840,966	425,179
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	(449,786)	120,121
Net gains (losses) on investments and derivatives	595,628	599,149
Other income items:		
Interest on cash	(2,833)	2,685
Foreign exchange gain (loss)	(43,493)	(20,485)
Net change in unrealized foreign exchange gain (loss)	(613)	763
<b>Total income (net)</b>	<b>548,689</b>	<b>582,112</b>
<b>EXPENSES</b>		
Securityholder reporting fees	64,333	47,778
Management fees (Note 11)	121,487	71,811
Interest expense	178	1,967
Audit fees	10,416	10,232
Legal fees	893	4,226
Independent Review Committee fees	2,715	2,300
Custodial fees	19,319	20,441
Security borrowing expenses	127	-
Commissions and other portfolio transaction costs (Note 11)	57,102	41,188
Withholding tax expense	4,369	-
Harmonized sales tax	12,634	8,142
Total expenses before manager absorption	293,573	208,085
Less: expenses absorbed by manager (Note 11)	(62,690)	(64,810)
<b>Total expenses after manager absorption</b>	<b>230,883</b>	<b>143,275</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>317,806</b>	<b>438,837</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>		
Series A	77,790	132,981
Series AN	38,578	33,261
Series F	28,153	66,235
Series FN	134,956	156,951
Series I	30,790	39,038
Series L	5,340	6,802
Series LN	2,199	3,569
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b>		
Series A	0.12	0.36
Series AN	0.26	0.50
Series F	0.18	0.47
Series FN	0.23	0.45
Series I	0.34	0.46
Series L	0.17	0.44
Series LN	0.12	0.43

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR GROWTH AND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<b>Net assets attributable to holders of redeemable units at beginning of period</b>			
	Series A	3,849,743	3,822,151
	Series AN	1,757,300	388,601
	Series F	918,546	1,179,853
	Series FN	5,196,260	3,225,373
	Series I	927,236	835,903
	Series L	265,948	84,886
	Series LN	113,455	51,178
		<u>13,028,488</u>	<u>9,587,945</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			
	Series A	77,790	132,981
	Series AN	38,578	33,261
	Series F	28,153	66,235
	Series FN	134,956	156,951
	Series I	30,790	39,038
	Series L	5,340	6,802
	Series LN	2,199	3,569
		<u>317,806</u>	<u>438,837</u>
<b>Distributions to holders of redeemable units</b>			
From net investment income	Series A	(118,731)	(55,498)
	Series AN	-	-
	Series F	(28,886)	(22,241)
	Series FN	-	-
	Series I	(14,200)	(12,673)
	Series L	(4,949)	(2,596)
	Series LN	-	-
		<u>(166,766)</u>	<u>(93,008)</u>
Return of capital	Series A	(47,347)	-
	Series AN	(22,035)	-
	Series F	(15,465)	-
	Series FN	(99,764)	-
	Series I	(18,928)	-
	Series L	(3,082)	-
	Series LN	(2,229)	-
		<u>(208,850)</u>	<u>-</u>
From net realized gains on investments and derivatives	Series A	-	-
	Series AN	-	-
	Series F	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LN	-	-
		<u>-</u>	<u>-</u>
<b>Total distributions to holders of redeemable units</b>		<u>(375,616)</u>	<u>(93,008)</u>

Continued on next page.

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR GROWTH AND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<i>Continued from previous page.</i>			
<b>Redeemable unit transactions</b>			
Proceeds from redeemable units issued	Series A	5,884,250	145,404
	Series AN	425,394	448,876
	Series F	1,337,781	455,973
	Series FN	2,207,033	1,136,418
	Series I	-	-
	Series L	99,704	147,908
	Series LN	100,763	53,500
Reinvestments of distributions to holders of redeemable units	Series A	148,130	47,319
	Series AN	21,858	-
	Series F	38,989	21,484
	Series FN	99,334	-
	Series I	33,128	12,673
	Series L	5,275	1,667
	Series LN	2,025	-
Redemption of redeemable units	Series A	(2,326,611)	(368,503)
	Series AN	(811,436)	(38,845)
	Series F	(533,254)	(219,360)
	Series FN	(371,752)	(172,392)
	Series I	(4,160)	(3,748)
	Series L	-	-
	Series LN	-	(10,328)
<b>Net increase (decrease) from redeemable unit transactions</b>		<b>6,356,451</b>	<b>1,658,046</b>
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>6,298,641</b>	<b>2,003,875</b>
	Series A	7,467,224	3,723,854
	Series AN	1,409,659	831,893
	Series F	1,745,864	1,481,944
	Series FN	7,166,067	4,346,350
	Series I	953,866	871,193
	Series L	368,236	238,667
	Series LN	216,213	97,919
<b>Net assets attributable to holders of redeemable units at end of period</b>		<b>19,327,129</b>	<b>11,591,820</b>

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR GROWTH AND INCOME

## Statements of Cash Flows (Unaudited)

For the periods ended June 30,

	2017 \$	2016 \$
		Note 3
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	317,806	438,837
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	2,213	(680)
Net realized (gain) loss on investments and derivatives	(840,966)	(425,179)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	449,786	(120,121)
Purchase of investments	(75,116,178)	(49,879,699)
Proceeds on sale of investments	69,558,154	50,500,496
Decrease (increase) in accrued dividends receivable	(12,826)	1,969
Decrease (increase) in accrued interest receivable	(1,201)	(403)
Decrease (increase) in cash collateral received for securities on loan	-	-
Increase (decrease) in accrued dividends payable	(227)	673
Increase (decrease) in other liabilities	5,908	3,142
Decrease (increase) in margin deposit	372,998	(991,177)
<b>Net cash from (used in) operating activities</b>	<b>(5,264,533)</b>	<b>(472,142)</b>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from redeemable units issued	9,246,385	2,268,849
Redemption of redeemable units	(3,164,429)	(716,103)
Distributions paid to holders of redeemable units, net of reinvested distributions	(26,877)	(9,865)
<b>Net cash from (used in) financing activities</b>	<b>6,055,079</b>	<b>1,542,881</b>
<b>Net Increase (decrease) in cash</b>	<b>790,546</b>	<b>1,070,739</b>
<b>Cash at beginning of the period</b>	<b>1,029,568</b>	<b>1,042,162</b>
Net change in unrealized foreign exchange gain (loss) on cash	(2,213)	680
<b>Cash at end of the period</b>	<b>1,817,901</b>	<b>2,113,581</b>
<b>Supplemental information:</b>		
Interest received*	1,821	4,032
Dividends received, net of withholding tax*	167,282	59,811
Interest paid*	178	-

\*Included as part of cash flows from operating activities

The accompanying notes are an integral part of these financial statements.



# EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		61.3%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
<b>Consumer Discretionary</b>		<b>6.0%</b>			
Amaya Inc.	CAD		5,500	136,224	127,490
Diversified Royalty Corp.	CAD		73,900	187,821	191,401
Dollarama Inc.	CAD		700	85,961	86,737
Enercare Inc.	CAD		2,500	48,826	49,300
Hudson's Bay Company*	CAD		21,300	225,967	246,441
NIKE, Inc.	USD		800	56,075	61,209
Park Lawn Corporation	CAD		5,400	102,600	101,628
Shaw Communications Inc., Class B Convertible	CAD		7,500	218,889	212,175
Sleep Country Canada Holdings Inc.	CAD		2,100	82,050	86,415
				<u>1,144,413</u>	<u>1,162,796</u>
<b>Consumer Staples</b>		<b>6.4%</b>			
Alimentation Couche-Tard Inc.	CAD		2,500	158,079	155,400
Altria Group, Inc.	USD		1,000	92,280	96,573
Brown-Forman Corporation*	USD		500	35,335	31,512
Colgate-Palmolive Company	USD		1,100	111,832	105,745
Corby Spirit and Wine Limited, Class A*	CAD		6,500	138,450	137,865
Cott Corporation	CAD		3,000	55,120	56,190
GreenSpace Brands Inc.*	CAD		75,000	100,439	114,000
Hostess Brands, Inc.*	USD		3,000	61,182	62,635
Loblaw Companies Limited	CAD		2,300	166,727	165,922
Mondelez International, Inc.	USD		2,000	117,503	112,018
Neptune Technologies & Bioresources Inc.*	CAD		15,000	25,779	16,500
Philip Morris International Inc.	USD		800	128,601	121,847
Wal-Mart Stores, Inc.	USD		600	62,146	58,885
				<u>1,253,473</u>	<u>1,235,092</u>
<b>Energy</b>		<b>9.6%</b>			
Cameco Corporation	CAD		1,500	18,792	17,715
Cardinal Energy Ltd., Subscription Receipts	CAD		15,000	82,500	72,450
Cardinal Energy Ltd.*	CAD		3,000	13,098	14,460
CES Energy Solutions Corp.	CAD		15,000	115,412	86,700
Cimarex Energy Co.	USD		1,000	128,967	121,912
Encana Corporation	CAD		6,500	72,819	74,165
Enerplus Corporation	CAD		4,000	43,676	42,080
Parex Resources Inc.	CAD		10,500	170,587	154,875
Parkland Fuel Corporation	CAD		3,000	89,108	89,130
PrairieSky Royalty Ltd.	CAD		4,600	141,357	135,838
Range Resources Corporation*	USD		4,000	124,941	120,187
Source Energy Services Ltd.	CAD		15,000	141,144	120,150
Southwestern Energy Company*	USD		10,000	87,938	78,845
Spartan Energy Corp.	CAD		50,000	372,617	307,500
Tidewater Midstream and Infrastructure Ltd.	CAD		25,000	34,650	32,750
Tourmaline Oil Corp.	CAD		2,000	53,559	55,760
TransCanada Corporation*	CAD		3,500	219,592	216,370
Trican Well Service Ltd.	CAD		35,000	148,110	127,050
				<u>2,058,867</u>	<u>1,867,937</u>

# EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		61.3%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
<b>Financials</b>		<b>8.4%</b>			
Brookfield Asset Management Inc., Class A	CAD		4,000	195,311	203,560
Citigroup Inc.	USD		2,500	218,966	216,825
Citizens Financial Group, Inc.	USD		1,400	66,172	64,778
ECN Capital Corp.	CAD		20,000	76,539	80,000
The Hartford Financial Services Group, Inc.	USD		1,100	73,170	74,990
Invesco Ltd.	USD		3,800	161,262	173,411
Legg Mason, Inc.*	USD		600	29,481	29,692
Manulife Financial Corporation	CAD		11,500	281,586	279,565
Sun Life Financial Inc.	CAD		7,500	351,765	347,700
Thomson Reuters Corporation	CAD		1,500	92,303	90,060
The Westaim Corporation	CAD		17,500	56,299	55,475
				1,602,854	1,616,056
<b>Health Care</b>		<b>1.7%</b>			
AmerisourceBergen Corporation	USD		1,000	122,305	122,587
Anthem, Inc.	USD		400	98,284	97,587
Editas Medicine, Inc.	USD		1,700	52,132	36,993
Sarepta Therapeutics, Inc.	USD		1,500	68,935	65,573
				341,656	322,740
<b>Industrials</b>		<b>7.9%</b>			
Ag Growth International Inc.	CAD		2,000	110,200	115,440
ATS Automation Tooling Systems Inc.*	CAD		10,000	129,243	132,900
Brookfield Business Partners L.P.	CAD		2,500	91,109	87,675
CAE Inc.	CAD		6,000	125,881	134,160
Canadian National Railway Company	CAD		1,000	98,338	105,220
Finning International Inc.	CAD		6,000	155,562	152,520
Horizon North Logistics Inc.*	CAD		30,000	46,680	39,900
Lockheed Martin Corporation	USD		300	107,288	108,001
MacDonald, Dettwiler and Associates Ltd.	CAD		1,000	68,745	67,480
Morneau Shepell Inc.	CAD		4,500	92,041	93,780
New Flyer Industries Inc.	CAD		1,000	50,796	54,240
Northrop Grumman Corporation	USD		300	96,625	99,870
Raytheon Company	USD		700	142,979	146,585
Textron Inc.	USD		700	45,220	42,756
Waste Management, Inc.	USD		900	87,161	85,608
WesternOne Inc.	CAD		46,200	63,380	69,300
				1,511,248	1,535,435
<b>Information Technology</b>		<b>3.2%</b>			
Advanced Micro Devices, Inc.*	USD		6,500	109,567	105,196
Alibaba Group Holding Limited	USD		400	75,681	73,088
BlackBerry Limited	CAD		7,500	90,268	97,200
CGI Group Inc., Class A Subordinated Voting	CAD		1,500	100,214	99,390
The Descartes Systems Group Inc.	CAD		1,000	34,202	31,550
First Solar, Inc.	USD		1,700	89,094	87,918
Kinaxis Inc.	CAD		900	76,135	72,666
Shopify Inc., Class A Subordinated Voting	CAD		500	61,535	56,300
				636,696	623,308

# EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		61.3%			
Security Name	Currency		Quantity	Average Cost	Fair Value
				\$	\$
<b>Materials</b>		<b>6.9%</b>			
Agnico Eagle Mines Limited	CAD		1,600	97,676	93,568
Albemarle Corporation	USD		1,400	193,400	191,610
Canfor Corporation	CAD		2,000	37,795	39,180
Cascades Inc.	CAD		5,000	75,413	88,450
CCL Industries Inc., Class B	CAD		2,500	152,827	164,025
Franco-Nevada Corporation	CAD		1,500	135,866	140,355
Lithium Americas Corp.*	CAD		277,100	242,238	241,077
Louisiana-Pacific Corporation	USD		2,600	80,462	81,291
Polaris Materials Corporation*	CAD		24,500	30,660	24,255
Sociedad Quimica y Minera de Chile S.A., ADR	USD		3,600	157,688	154,153
Teck Resources Limited, Class B Subordinated Voting	CAD		2,000	44,730	44,960
Torex Gold Resources Inc.	CAD		3,000	74,067	74,190
				<u>1,322,822</u>	<u>1,337,114</u>
<b>Real Estate</b>		<b>5.6%</b>			
American Hotel Income Properties REIT LP*	CAD		20,000	206,713	199,200
InterRent Real Estate Investment Trust	CAD		12,000	86,571	97,080
Pure Industrial Real Estate Trust	CAD		10,000	68,950	68,800
Pure Multi-Family REIT LP	CAD		27,000	239,616	234,900
Realogy Holdings Corp.	USD		2,700	110,082	113,619
StorageVault Canada Inc.	CAD		15,000	37,827	39,600
Summit Industrial Income REIT	CAD		15,000	106,050	105,750
Tricon Capital Group Inc.*	CAD		12,500	146,651	145,250
Weyerhaeuser Company	USD		1,700	77,562	73,853
				<u>1,080,022</u>	<u>1,078,052</u>
<b>Telecommunication Services</b>		<b>0.6%</b>			
T-Mobile US, Inc.*	USD		900	80,378	70,751
TeraGo Inc.*	CAD		8,100	36,287	40,419
				<u>116,665</u>	<u>111,170</u>
<b>Utilities</b>		<b>5.0%</b>			
Algonquin Power & Utilities Corp.*	CAD		6,000	83,379	81,900
Alterra Power Corp.	CAD		25,000	137,129	142,250
Boralex Inc., Class A	CAD		4,000	89,935	87,840
Brookfield Infrastructure Partners L.P.	CAD		2,000	106,879	106,080
Brookfield Renewable Partners L.P.	CAD		1,200	52,567	49,620
Maxim Power Corp.	CAD		50,000	146,290	136,000
Northland Power Inc.*	CAD		10,900	267,016	251,790
Pattern Energy Group Inc., Class A*	CAD		2,000	66,483	62,120
TransAlta Renewables Inc.	CAD		2,500	39,547	39,150
				<u>989,225</u>	<u>956,750</u>
				<u>12,057,941</u>	<u>11,846,450</u>

# EXEMPLAR GROWTH AND INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Funds - Long		23.8%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
Boyd Group Income Fund	CAD	1,800	158,955	173,070	
Crius Energy Trust, Subscription Receipts	CAD	12,500	122,500	128,625	
Crius Energy Trust	CAD	10,500	106,786	108,885	
East Coast Investment Grade Income Fund*	CAD	25,449	247,556	252,709	
Exemplar Tactical Corporate Bond Fund Series I	CAD	292,150	2,940,358	2,981,381	
Health Care Select Sector SPDR	USD	5,300	555,827	544,620	
iShares 20+ Year Treasury Bond	USD	1,000	163,140	162,256	
iShares S&P/TSX Global Gold Index ETF	CAD	20,000	263,699	243,200	
			<u>4,558,821</u>	<u>4,594,746</u>	

Fixed Income Positions - Long		2.0%					
Security Name	Currency	Coupon Rate	Maturity Date	Par Value	Average Cost	Fair Value	
		%			\$	\$	
American Hotel Income Properties REIT LP	USD	5.00	06-30-22	305,000	411,110	393,467	

Warrant Positions - Long		0.6%					
Security Name	Currency	Strike Price	Maturity Date	Quantity	Average Cost	Fair Value	
					\$	\$	
Bank of America	USD	13.20	01-16-19	7,000	105,174	109,294	

Forward Currency Contracts		0.7%						
Currency Purchased	Notional Value	Currency Sold	Notional Value	Contract Rate	Maturity Date	Counterparty	Credit Rating	Fair Value
								\$
CAD	3,918,152	USD	(2,900,000)	1.35000	07-06-17	BNY Mellon	A1	157,510
USD	600,000	CAD	(810,346)	0.74000	07-06-17	BNY Mellon	A1	(32,282)
USD	700,000	CAD	(921,697)	0.76000	07-06-17	BNY Mellon	A1	(13,956)
CAD	1,724,983	USD	(1,300,000)	1.33000	07-06-17	BNY Mellon	A1	39,178
USD	650,000	CAD	(855,286)	0.76000	07-06-17	BNY Mellon	A1	(12,383)
USD	600,000	CAD	(778,784)	0.77000	07-06-17	BNY Mellon	A1	(720)
								<u>137,347</u>

Investment Portfolio Summary			Average Cost / (Proceeds)	Fair Value
	%		\$	\$
Equity Positions - Long	61.3		12,057,941	11,846,450
Funds - Long	23.8		4,558,821	4,594,746
Fixed Income Positions - Long	2.0		411,110	393,467
Warrant Positions - Long	0.6		105,174	109,294
Forward Currency Contracts	0.7		-	137,347
Total Investments	<u>88.4</u>		<u>17,133,046</u>	<u>17,081,304</u>
Total Other Net Assets	<u>11.6</u>		<u>-</u>	<u>2,245,825</u>
Total Net Assets	<u>100.0</u>		<u>17,133,046</u>	<u>19,327,129</u>

\* Denotes all or part of securities on loan

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Growth and Income Fund is to achieve long term growth and preservation of capital. The Fund will 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.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity and bond investments is limited to the fair value of those positions. The maximum loss on equities and debt sold short can be unlimited.

The management of these risks is carried out by the Manager in accordance with the Fund's Declaration of Trust.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

Credit Rating*	Percentage of total debt securities	
	As at June 30, 2017	As at December 31, 2016
	%	%
A	-	-
AA	-	-
AAA	-	-
BBB	-	-
Below BBB	-	-
Not Rated	100.0	-
Total	100.0	-

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

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, excluding the collateral held in respect to such loans, and is exposed to counterparty risk on all such loans, if any. The credit risk related to the securities lending program is limited as the Fund holds a minimum collateral equal to 102% of the fair value of the loaned securities. The collateral and loaned securities are marked to market on each valuation date. All counterparties have a credit rating equivalent to a Moody's credit rating of not less than Aa3.

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit, cash held at the broker and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's prime brokerage services are provided by BMO Nesbitt Burns which has a credit rating of Aa3 (December 31, 2016: Aa3) as rated by Moody's bond rating services. Cash collateral has been provided to BMO Nesbitt Burns in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statement of Financial Position.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2016: A1).

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa2 (December 31, 2016: Aa1).

### Liquidity Risk

All of the Fund's liabilities are typically due in less than 3 months. Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

### Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

#### (a) Currency Risk

The table below indicates the Fund's exposure to other currencies as at June 30, 2017 and December 31, 2016 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. Non-monetary items include equities, funds and warrants. Monetary items include fixed income, cash and other current receivables and payables.

June 30, 2017			Impact on net assets attributable to holders of redeemable units			
Currency	Exposure			Monetary \$	Non-Monetary \$	Total \$
	Monetary \$	Non-Monetary \$	Total \$			
United States Dollar - Long	5,516,730	4,108,245	9,624,975	551,673	410,825	962,498
United States Dollar - Short	(6,405,979)	-	(6,405,979)	(640,598)	-	(640,598)
<b>Total</b>	<b>(889,249)</b>	<b>4,108,245</b>	<b>3,218,996</b>	<b>(88,925)</b>	<b>410,825</b>	<b>321,900</b>
% of net assets attributable to holders of redeemable units	(4.6%)	21.3%	16.7%	(0.5%)	2.1%	1.7%

December 31, 2016			Impact on net assets attributable to holders of redeemable units			
Currency	Exposure			Monetary \$	Non-Monetary \$	Total \$
	Monetary \$	Non-Monetary \$	Total \$			
United States Dollar - Long	5,516,730	4,108,245	9,624,975	551,673	410,825	962,498
United States Dollar - Short	(6,405,979)	-	(6,405,979)	(640,598)	-	(640,598)
<b>Total</b>	<b>(889,249)</b>	<b>4,108,245</b>	<b>3,218,996</b>	<b>(88,925)</b>	<b>410,825</b>	<b>321,900</b>
% of net assets attributable to holders of redeemable units	(3.5%)	11.8%	8.3%	(0.3%)	1.2%	0.8%

#### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and December 31, 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

Term to Maturity	Total Exposure	
	June 30, 2017	December 31, 2016
Less than 1 year	\$ -	\$ -
1-3 years	-	-
3-5 years	-	-
Greater than 5 years	393,467	-
<b>Total</b>	<b>\$ 393,467</b>	<b>\$ -</b>
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ 17,202	+/- \$ -
Total % sensitivity to net assets attributable to holders of redeemable units	0.1%	0.0%

### (c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

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.

As at June 30, 2017, the impact on net assets of the Fund due to a 5% change in market prices of equity and fund securities is \$827,525 (December 31, 2016: \$575,591) (all other variables held constant).

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The following is a summary of the Fund's concentration risk as of June 30, 2017 and December 31, 2016:

Market Segment	% of net assets attributable to holders of redeemable units			
	June 30, 2017		December 31, 2016	
	Long Positions	Short Positions	Long Positions	Short Positions
	%	%	%	%
Consumer Discretionary	6.0	-	3.9	-
Consumer Staples	6.4	-	4.3	-
Corporate Bonds	2.0	-	-	-
Energy	9.6	-	7.0	-
Financials	8.4	-	2.5	(0.4)
Funds	23.8	-	44.7	-
Health Care	1.7	-	2.6	(0.1)
Industrials	7.9	-	5.3	-
Information Technology	3.2	-	4.9	-
Materials	6.9	-	7.4	-
Real Estate	5.6	-	3.0	-
Telecommunication Services	0.6	-	0.2	-
Utilities	5.0	-	2.6	-
Derivatives	1.3	-	0.5	-
<b>Total</b>	<b>88.4</b>	<b>-</b>	<b>88.9</b>	<b>(0.5)</b>

### FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2017 and December 31, 2016:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Equities	11,774,000	72,450	-	11,846,450
Fixed income	-	393,467	-	393,467
Funds	1,484,740	3,110,006	-	4,594,746
Derivatives	-	305,982	-	305,982
<b>Total</b>	<b>13,258,740</b>	<b>3,881,905</b>	<b>-</b>	<b>17,140,645</b>
<b>Financial liabilities</b>				
Derivatives	-	(59,341)	-	(59,341)
<b>Total</b>	<b>-</b>	<b>(59,341)</b>	<b>-</b>	<b>(59,341)</b>
<b>December 31, 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Assets</b>				
Equities	5,702,445	-	-	5,702,445
Funds	37,170	5,791,675	-	5,828,845
Derivatives	44,381	32,083	-	76,464
<b>Total</b>	<b>5,783,996</b>	<b>5,823,758</b>	<b>-</b>	<b>11,607,754</b>
<b>Liabilities</b>				
Equities sold short	(63,855)	-	-	(63,855)
<b>Total</b>	<b>(63,855)</b>	<b>-</b>	<b>-</b>	<b>(63,855)</b>



# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, instruments are reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the Manager. In addition, at each financial reporting date, the Manager reviews and approves all level 3 fair value measurements, if applicable.

### a) Equities and Funds

The Fund's equity positions and some investments in funds are classified as level 1 as the securities are actively traded on a recognized exchange and a quoted price is available. Equity positions which have resale restrictions but otherwise trade on the market are classified as Level 2. Funds that do not trade on an exchange are valued by valuation agents and are classified as Level 2.

### b) Bonds

The Fund's bond holdings are comprised of US bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

### c) Derivatives

Derivatives consist of warrants and forward currency contracts. Warrants are valued using models and valuation techniques commonly used in the industry, including inputs such as underlying stock price, restrictions on exercise and days to expiry. When the inputs that are significant to valuation are generally observable, the warrant is classified as level 2. Forward currency contracts are valued based primarily on the contract notional amount and the difference between the contract rate and the forward market rate for the same currency, adjusted for counterparty risk. Forward currency contracts are classified as Level 2.

As at June 30, 2017, the Fund did not hold any level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ended June 30, 2017 and 2016.

### Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2017 and 2016.

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Securities lending income	Total
June 30, 2017	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets at FVTPL:								
Designated as FVTPL	794,846	(587,133)	5,855	-	184,477	-	13,881	411,926
HFT	46,120	196,688	-	-	-	-	-	242,808
	840,966	(390,445)	5,855	-	184,477	-	13,881	654,734
Financial liabilities at FVTPL:								
HFT	-	(59,341)	-	-	-	235	-	(59,106)
Total	840,966	(449,786)	5,855	-	184,477	235	13,881	595,628

# EXEMPLAR GROWTH AND INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

June 30, 2016	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Securities lending income	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial asset at FVTPL:								
Designated as FVTPL	641,583	130,685	1,750	-	57,842	-	-	831,860
HFT	(216,404)	(10,564)	-	-	-	(5,743)	-	(232,711)
Total	425,179	120,121	1,750	-	57,842	(5,743)	-	599,149

# EXEMPLAR INVESTMENT GRADE FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Financial assets designated at fair value through profit and loss	\$106,834,148	\$57,282,929
Financial assets held for trading		
Options at fair value - long	17,218	105,735
Unrealized gain on swap contracts	882,640	463,424
Unrealized gain on futures contracts - long	403,772	-
Unrealized gain on futures contracts - short	314,169	282,896
Unrealized gain on forward currency contracts	-	579
Cash	2,152,648	2,992,269
Margin deposits	1,627,023	1,075,998
Accrued dividends receivable	8,897	11,785
Accrued interest receivable	714,059	423,896
Receivable for securities sold	6,654,283	124,451
Receivable for redeemable units issued	1,746,964	275,441
	121,355,821	63,039,403
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Financial liabilities held for trading		
Options at fair value - short	1,608	23,893
Unrealized loss on swap contracts	24,487	153,188
Unrealized loss on futures contracts - long	-	106,435
Unrealized loss on futures contracts - short	-	4,510
Margin loan	285,247	296,921
Payable for securities purchased	4,979,389	-
Accrued interest payable	66,881	8,859
Payable for redeemable units redeemed	131,269	191,934
Other liabilities (Note 11)	113,669	65,156
	5,664,329	850,896
<b>Net assets attributable to holders of redeemable units</b>	<b>\$115,691,492</b>	<b>\$62,188,507</b>
Net assets attributable to holders of redeemable units		
Series A	\$24,326,963	\$14,183,535
Series AI	\$3,539,090	\$2,549,060
Series AN	\$4,630,135	\$3,180,116
Series F	\$68,477,899	\$34,960,710
Series FI	\$4,682,766	\$4,103,761
Series FN	\$8,330,569	\$3,149,854
Series I	\$5,424	5,266
Series G	\$1,698,646	\$56,205

Continued on next page.

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR INVESTMENT GRADE FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<i>Continued from previous page.</i>		
Number of redeemable units outstanding (Note 8)		
Series A	2,483,119	1,459,186
Series AI	381,951	274,643
Series AN	448,057	314,815
Series F	6,887,152	3,554,196
Series FI	496,890	436,032
Series FN	803,852	311,722
Series I	506	506
Series G	128,930	4,176
Net assets attributable to holders of redeemable units per unit		
Series A	\$9.80	\$9.72
Series AI	\$9.27	\$9.28
Series AN	\$10.33	\$10.10
Series F	\$9.94	\$9.84
Series FI	\$9.42	\$9.41
Series FN	\$10.36	\$10.10
Series I	\$10.72	10.41
Series G USD	\$10.16	\$10.02
USD/CAD Foreign Exchange Rate	0.7711	0.7448

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Fund:

“James L. McGovern”

James L. McGovern, Director

“Robert W. Maxwell”

Robert W. Maxwell, Director

*The accompanying notes are an integral part of these financial statements.*

# EXEMPLAR INVESTMENT GRADE FUND

Statements of Comprehensive Income (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$
<b>INCOME</b>		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	1,515,764	948,683
Interest expense on short sales	(133,407)	-
Dividend income	124,880	95,546
Dividend expense on short sales	-	(32,830)
Securities lending income (net) (Note 10)	684	-
Net realized gain (loss) on investments and derivatives	1,455,168	(183,747)
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	(257,666)	923,281
Net gains (losses) on investments and derivatives	2,705,423	1,750,933
Other income items:		
Interest on cash	3,068	4,536
Foreign exchange gain (loss)	(207,438)	(60,245)
Net change in unrealized foreign exchange gain (loss)	(89,336)	(119,137)
<b>Total income (net)</b>	2,411,717	1,576,087
<b>EXPENSES</b>		
Securityholder reporting fees	143,378	108,734
Management fees (Note 11)	425,482	244,083
Interest expense	1,661	1,667
Audit fees	10,329	9,450
Legal fees	893	4,703
Independent Review Committee fees	2,715	2,300
Custodial fees	10,870	8,882
Commissions and other portfolio transaction costs (Note 11)	15,772	6,330
Commissions on Futures (Note 11)	14,808	16,062
Harmonized sales tax	42,012	23,389
Total expense before manager absorption	667,920	425,600
Less: expenses absorbed by manager (Note 11)	(78,266)	(83,931)
<b>Total expenses after manager absorption</b>	589,654	341,669
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	1,822,063	1,234,418
<b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>		
Series A	375,723	341,217
Series AI	64,470	46,897
Series AN	82,067	62,175
Series F	1,120,249	679,787
Series FI	111,861	48,994
Series FN	112,253	46,541
Series I	158	10,413
Series G	(44,718)	(1,606)
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b>		
Series A	0.19	0.23
Series AI	0.20	0.23
Series AN	0.21	0.27
Series F	0.21	0.23
Series FI	0.23	0.19
Series FN	0.20	0.28
Series I	0.31	0.28
Series G	(1.07)	(0.34)

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR INVESTMENT GRADE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<b>Net assets attributable to holders of redeemable units at beginning of period</b>			
	Series A	14,183,535	14,295,352
	Series AI	2,549,060	1,801,322
	Series AN	3,180,116	1,990,671
	Series F	34,960,710	34,249,772
	Series FI	4,103,761	2,308,105
	Series FN	3,149,854	1,429,487
	Series I	5,266	-
	Series G	56,205	62,349
		<u>62,188,507</u>	<u>56,137,058</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			
	Series A	375,723	341,217
	Series AI	64,470	46,897
	Series AN	82,067	62,175
	Series F	1,120,249	679,787
	Series FI	111,861	48,994
	Series FN	112,253	46,541
	Series I	158	10,413
	Series G	(44,718)	(1,606)
		<u>1,822,063</u>	<u>1,234,418</u>
<b>Distributions to holders of redeemable units</b>			
From net investment income	Series A	(287,339)	(211,614)
	Series AI	(73,764)	(45,353)
	Series AN	-	-
	Series F	(753,431)	(437,203)
	Series FI	(108,956)	(56,455)
	Series FN	-	-
	Series I	-	-
	Series G	(6,444)	(905)
		<u>(1,229,934)</u>	<u>(751,530)</u>
From net realized gains on investments and derivatives	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series G	-	-
		<u>-</u>	<u>-</u>
Return of capital	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series G	-	-
		<u>-</u>	<u>-</u>
<b>Total distributions to holders of redeemable units</b>		<u>(1,229,934)</u>	<u>(751,530)</u>

Continued on next page.

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR INVESTMENT GRADE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<i>Continued from previous page.</i>			
<b>Redeemable unit transactions</b>			
Proceeds from redeemable units issued	Series A	12,595,653	1,938,038
	Series AI	1,188,652	217,055
	Series AN	2,058,446	906,426
	Series F	39,432,910	6,090,055
	Series FI	1,047,847	1,390,286
	Series FN	5,550,916	567,674
	Series I	-	505,016
	Series G	1,690,690	-
Reinvestments of distributions to holders of redeemable units	Series A	221,166	137,618
	Series AI	23,157	12,601
	Series AN	-	-
	Series F	316,288	221,124
	Series FI	24,021	17,634
	Series FN	-	-
	Series I	-	-
	Series G	2,913	-
Redemption of redeemable units	Series A	(2,761,775)	(2,060,727)
	Series AI	(212,485)	(130,234)
	Series AN	(690,494)	(353,380)
	Series F	(6,598,827)	(13,767,965)
	Series FI	(495,768)	(646,931)
	Series FN	(482,454)	(99,046)
	Series I	-	(510,415)
	Series G	-	-
<b>Net increase (decrease) from redeemable unit transactions</b>		<b>52,910,856</b>	<b>(5,565,171)</b>
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>53,502,985</b>	<b>(5,082,283)</b>
	Series A	24,326,963	14,439,884
	Series AI	3,539,090	1,902,288
	Series AN	4,630,135	2,605,892
	Series F	68,477,899	27,035,570
	Series FI	4,682,766	3,061,633
	Series FN	8,330,569	1,944,656
	Series I	5,424	5,014
	Series G	1,698,646	59,838
<b>Net assets attributable to holders of redeemable units at end of period</b>		<b>115,691,492</b>	<b>51,054,775</b>

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR INVESTMENT GRADE FUND

Statements of Cash Flows (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$
		(Note 3)
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	1,822,063	1,234,418
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(79,022)	122,227
Net realized (gain) loss on investments and derivatives	(1,455,168)	183,747
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	257,666	(923,281)
Purchase of investments	(364,871,864)	(123,309,790)
Proceeds on sale of investments and derivatives	314,002,387	131,522,336
Decrease (increase) in accrued interest receivable	(290,163)	139,032
Decrease (increase) in accrued dividend receivable	2,888	(2,604)
Increase (decrease) in accrued interest payable	58,022	(3,537)
Increase (decrease) in other liabilities	48,513	(7,363)
Decrease (increase) in margin deposits	(551,025)	199,332
<b>Net cash from (used in) operating activities</b>	(51,055,703)	9,154,517
<b>Cash flows from (used in) financing activities</b>		
Proceeds from redeemable units issued	60,810,401	10,938,142
Redemption of redeemable units	(10,019,277)	(16,951,789)
Distributions paid to holders of redeemable units, net of reinvested distributions	(642,389)	(362,553)
Increase (decrease) in margin loan	(11,674)	33,817
<b>Net cash from (used in) financing activities</b>	50,137,060	(6,342,383)
<b>Net Increase (decrease) in cash</b>	(918,643)	2,812,134
<b>Cash at beginning of the period</b>	2,992,269	1,103,829
Net change in unrealized foreign exchange gain (loss) on cash	79,022	(122,227)
<b>Cash at end of the period</b>	2,152,648	3,793,736
<b>Supplemental information:</b>		
Interest received*	1,228,669	1,092,251
Dividends received*	127,768	92,942
Interest and dividends paid*	(56,361)	(5,204)
*Included as part of cash flows from operating activities		

The accompanying notes are an integral part of these financial statements.



# EXEMPLAR INVESTMENT GRADE FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		7.4%			
Security Name	Currency		Quantity	Average Cost \$	Fair Value \$
<b>Energy</b>		<b>2.0%</b>			
Enbridge Inc. - Preferred Series B	CAD		60,600	1,111,864	1,147,764
Enbridge Inc. - Preferred Series L	USD		39,746	1,142,317	1,216,921
				<u>2,254,181</u>	<u>2,364,685</u>
<b>Financials</b>		<b>5.4%</b>			
Bank of Montreal - Preferred Class B	CAD		25,100	529,064	529,610
Bank of Montreal - Preferred Series 40	CAD		17,000	435,965	437,750
Bank of Montreal - Preferred Series 42	CAD		108,000	2,697,915	2,697,840
The Bank of Nova Scotia - Preferred Series 32	CAD		69,000	1,474,118	1,538,700
Canadian Imperial Bank of Commerce - Preferred 45	CAD		41,000	1,025,000	1,027,050
				<u>6,162,062</u>	<u>6,230,950</u>
				<u>8,416,243</u>	<u>8,595,635</u>

Fixed Income Positions - Long		85.0%				
Security Name	Currency	Coupon Rate %	Maturity Date	Par Value	Average Cost \$	Fair Value \$
Anheuser-Busch Inbev Finance Inc.	CAD	3.38	01-25-23	4,918,000	5,209,827	5,131,294
AT&T Inc.	CAD	3.83	11-25-20	4,618,000	4,919,899	4,829,920
Bank of America Corporation	CAD	2.60	03-15-23	3,217,000	3,217,000	3,217,708
Bank of America Corporation	CAD	3.23	06-22-22	1,101,000	1,139,546	1,135,450
Bank of Montreal	CAD	3.12	09-19-24	4,111,000	4,197,991	4,193,261
Bank of Montreal	CAD	2.70	12-09-26	2,855,000	2,865,340	2,871,131
Bruce Power L.P.	CAD	2.84	06-23-21	4,628,000	4,724,815	4,716,580
Canadian Imperial Bank of Commerce	CAD	3.00	10-28-24	5,347,000	5,484,187	5,444,743
Citigroup Inc.	CAD	4.65	10-11-22	2,314,000	2,342,925	2,337,302
Cominar Real Estate Investment Trust	CAD	3.62	06-21-19	2,000,000	2,047,480	1,997,060
Enbridge Inc.	CAD	1.48	05-24-19	300,000	300,000	300,534
Enbridge Inc.	CAD	3.19	12-05-22	1,296,000	1,351,793	1,330,253
Fairfax Financial Holdings Limited	CAD	7.25	06-22-20	2,100,000	2,372,307	2,353,638
First Capital Realty Inc.	CAD	5.60	04-30-20	2,059,000	2,313,904	2,245,051
Ford Credit Canada Company	CAD	2.77	06-22-22	1,364,000	1,364,000	1,357,944
Ford Credit Canada Company	CAD	2.45	05-07-20	4,002,000	4,022,057	4,015,047
Ford Credit Canada Company	CAD	2.92	09-16-20	1,632,000	1,677,435	1,658,830
The Goldman Sachs Group, Inc.	CAD	2.43	04-26-23	3,399,000	3,401,130	3,362,291
The Goldman Sachs Group, Inc.	USD	2.31	04-26-22	4,000,000	5,395,824	5,228,801
Bank of Canada*	CAD	1.50	06-01-23	186,000	200,878	186,061
Bank of Canada	CAD	1.75	09-01-19	2,000,000	2,027,898	2,026,420
HSBC Bank Canada	CAD	2.17	06-29-22	2,054,000	2,054,000	2,037,424
Inter Pipeline Ltd.	CAD	4.97	02-02-21	2,097,000	2,310,391	2,282,375
JPMorgan Chase & Co.	CAD	1.98	02-22-21	2,449,000	2,449,160	2,456,347
Morgan Stanley	USD	2.37	01-20-22	2,179,000	2,845,229	2,855,451
Morgan Stanley	CAD	3.00	02-07-24	2,000,000	2,012,008	2,012,660
Northgroup Preferred Capital Corporation	USD	6.38	01-29-49	4,774,000	6,281,006	6,144,491
RioCan Real Estate Investment Trust	CAD	2.19	08-26-20	1,441,000	1,443,439	1,434,905
Shaw Communications Inc.*	CAD	3.15	02-19-21	2,500,000	2,583,850	2,567,025
Shaw Communications Inc.	CAD	5.50	12-07-20	675,000	751,964	747,887
Shaw Communications Inc.	CAD	5.65	10-01-19	1,065,000	1,178,114	1,150,615
TELUS Corporation	CAD	5.05	07-23-20	296,000	330,573	322,655



# EXEMPLAR INVESTMENT GRADE FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Swap Positions Security Name	Currency	0.7%	Notional Value	Average Cost / (Proceeds) \$	Unrealized Gain / (Loss) \$
CDS EMB R 1%	USD	Credit Default Swap	3,556,000	(56,860)	(7,330)
IRS P CDOR3M R 1.1025	CAD	Interest Rate Swap	2,300,000	-	(17,157)
IRS R CDOR3M P .8619	CAD	Interest Rate Swap	6,720,000	-	88,867
IRS R CDOR3M P .9091	CAD	Interest Rate Swap	12,181,000	-	386,274
IRS R CDOR3M P 1.3925	CAD	Interest Rate Swap	3,350,000	-	55,775
IRS R CDOR3M P 1.3225	CAD	Interest Rate Swap	21,850,000	-	308,449
IRS R CDOR3M P 1.075 -- ECIRS032	CAD	Interest Rate Swap	5,500,000	-	43,275
				<u>(56,860)</u>	<u>858,153</u>

Forward Currency Contracts		(0.1%)		Contract Rate	Maturity Date	Counterparty	Credit Rating	Fair Value \$
Currency Purchased	Notional Value	Currency Sold	Notional Value					
USD	810,000	CAD	(1,094,380)	0.74000	07-06-17	BNY Mellon	A1	(43,994)
USD	500,000	CAD	(666,172)	0.75000	07-06-17	BNY Mellon	A1	(17,785)
								<u>(61,779)</u>

Investment Portfolio Summary	%	Average Cost / (Proceeds) \$	Fair Value \$
Equity Positions - Long	7.4	8,416,243	8,595,635
Fixed Income Positions - Long	85.0	99,510,059	98,238,513
Option Positions - Long	0.0	383,126	17,218
Option Positions - Short	(0.0)	(16,807)	(1,608)
Futures Contracts - Long	0.3	-	403,772
Futures Contracts - Short	0.3	-	314,169
Swap Positions	0.7	(56,860)	858,153
Forward Currency Contracts	(0.1)	-	(61,779)
Total Investments	<u>93.6</u>	<u>108,235,761</u>	<u>108,364,073</u>
Total Other Net Assets	<u>6.4</u>	<u>-</u>	<u>7,327,419</u>
Total Net Assets	<u>100.0</u>	<u>108,235,761</u>	<u>115,691,492</u>

\*Denotes all or part of securities on loan

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Investment Grade Fund is to generate income and capital preservation by investing in a diversified portfolio of primarily North American investment grade corporate bonds.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity, options, interest rate swaps, credit default swaps and debt securities is limited to the fair value of those positions. The maximum loss on equities, options and debt sold short can be unlimited and the maximum loss on futures contracts is the notional contract value of those positions.

The management of these risks is carried out by the Manager and Portfolio Sub-Advisor in accordance with the Fund's Declaration of Trust.

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn can also increase the potential returns the Fund can achieve. The Portfolio Sub-Advisor uses leverage against assets with satisfactory liquidity characteristics in order to increase return on capital subject to market conditions.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

Credit Rating*	Percentage of total long debt securities	
	As at June 30, 2017	As at December 31, 2016
	%	%
AAA	2.3	-
AA	6.1	-
A	12.9	26.9
BBB	76.7	67.9
Below BBB	-	5.2
Not Rated	2.0	-
Total	100.0	100.0

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

The Fund is exposed to counterparty credit risk on swaps and futures contracts. The counterparties to the Fund's swaps are Bank of America and JP Morgan Chase & Co. which have credit ratings as rated by Moody's bond rating services of Baa1 and A3, respectively (December 31, 2016: Baa1 and A3, respectively). Futures contracts are exchange traded. Cash collateral has been provided to JP Morgan Chase & Co. in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statement of Financial Position.

The Fund is exposed to counterparty credit risk on cash, margin deposits and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2016: A1).

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa2 (December 31, 2016: Aa1).

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, excluding the collateral held in respect to such loans, and is exposed to counterparty risk on all such loans, if any. The credit risk related to the securities lending program is limited as the Fund holds a minimum collateral equal to 102% of the fair value of the loaned securities. The collateral and loaned securities are marked to market on each valuation date.

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

### Liquidity Risk

All of the Fund's liabilities are typically due in less than 3 months. Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2017, the minimum margin borrowings used was \$354,574 and the maximum margin borrowings used was \$1,489,432. (December 31, 2016: min: \$359,370, max: \$2,072,162).

### Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

#### (a) Currency Risk

The table below indicates the Fund's exposure to USD as at June 30, 2017 and December 31, 2016 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Non-monetary items include non-financial options. Monetary items include futures, bonds, cash, swaps, financial options and other current receivables and payables.

June 30, 2017	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	23,893,452	1,224,961	25,118,413	2,389,345	122,496	2,511,841
United States Dollar - Short	11,749	(1,608)	10,141	1,175	(161)	1,014
Total	23,905,201	1,223,353	25,128,554	2,390,520	122,335	2,512,855
% of net assets attributable to holders of redeemable units	20.7%	1.1%	21.7%	2.1%	0.1%	2.2%

December 31, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	8,386,934	680,839	9,067,773	838,693	68,084	906,777
United States Dollar - Short	176,063	(22,825)	153,238	17,606	(2,283)	15,323
Total	8,562,997	658,014	9,221,011	856,299	65,801	922,100
% of net assets attributable to holders of redeemable units	13.8%	1.1%	14.8%	1.4%	0.1%	1.5%

#### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

Term to Maturity	Total Exposure	
	June 30, 2017	December 31, 2016
Less than 1 year	\$ 1,546,746	\$ -
1-3 years	10,073,318	12,183,317
3-5 years	41,837,630	16,653,341
Greater than 5 years	44,780,819	19,516,765
<b>Total</b>	<b>\$ 98,238,513</b>	<b>\$ 48,353,423</b>
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ 5,332,004	+/- \$ 2,558,502
Total % sensitivity to net assets attributable to holders of redeemable units	4.6%	4.1%

### (c) Price Risk

The Fund's policy is to manage price risk through pursuit of a diversified investment program that focuses on investment-grade fixed income securities while utilizing other assets such as options and credit default swaps, to extract relative value and to manage credit exposure.

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold, not yet purchased, at prices which may be significantly higher than the fair value reflected on the financial statements.

As at June 30, 2017, if the Fund's relevant benchmark index, FTSE TMX Canada Universe Bond Index, had increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by \$347,075 (December 31, 2016: \$217,660).

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk as of June 30, 2017 and December 31, 2016:

Market Segment	% of net assets attributable to holders of redeemable units	
	June 30, 2017	December 31, 2016
	%	%
Corporate Bonds	83.1	77.8
Energy	2.0	4.2
Federal Bonds	1.9	-
Financials	5.4	7.4
Funds	-	2.7
Derivatives	1.2	0.9
<b>Total</b>	<b>93.6</b>	<b>93.0</b>

### FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2017 and December 31, 2016:

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Equities	8,595,635	-	-	8,595,635
Fixed income	-	98,238,513	-	98,238,513
Funds	-	-	-	-
Derivatives	779,222	882,640	-	1,661,862
<b>Total</b>	<b>9,374,857</b>	<b>99,121,153</b>	<b>-</b>	<b>108,496,010</b>
<b>Financial liabilities</b>				
Derivatives	(45,671)	(86,266)	-	(131,937)
<b>Total</b>	<b>(45,671)</b>	<b>(86,266)</b>	<b>-</b>	<b>(131,937)</b>

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Equities	7,228,206	-	-	7,228,206
Fixed income	-	48,353,423	-	48,353,423
Derivatives	388,631	464,003	-	852,634
<b>Total</b>	<b>9,318,137</b>	<b>48,817,426</b>	<b>-</b>	<b>58,135,563</b>
<b>Financial liabilities</b>				
Derivatives	(134,838)	(153,188)	-	(288,026)
<b>Total</b>	<b>(134,838)</b>	<b>(153,188)</b>	<b>-</b>	<b>(288,026)</b>

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the finance department. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

### a) Equities and Funds

The Fund's equity positions and investments in funds are classified as level 1 as the securities are actively traded on a recognized exchange and a quoted price is available.

### b) Bonds

The Fund's bond holdings are comprised of Canadian and US bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

### c) Derivatives

Derivative assets and liabilities consist of futures contracts, options, interest rate swaps, credit default swaps and forward currency contracts. Long and short futures contracts and options are exchange traded and are classified as Level 1 as they are actively traded on a recognized exchange and a quoted price is available. Interest rate swaps are valued using indicative bid/ask prices from third party broker dealers while credit default swaps are valued based upon quotations from independent security pricing sources. The inputs

# EXEMPLAR INVESTMENT GRADE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

that are significant to valuation are generally observable and therefore both interest rate swaps and credit default swaps have been classified as Level 2. Forward currency contracts are valued based primarily on the contract notional amount and the difference between the contract rate and the forward market rate for the same currency, adjusted for counterparty risk. Forward currency contracts are classified as Level 2.

As at June 30, 2017 and December 31, 2016, the Fund did not hold any Level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ending June 30, 2017 and December 31, 2016.

### Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2017 and 2016.

June 30, 2017	Net realized gains / (losses) \$	Net change in unrealized gains / (losses) \$	Interest income \$	Interest expense \$	Dividend income \$	Dividend expense \$	Securities Lending Income \$	Total \$
Financial assets at FVTPL:								
Designated as FVTPL	1,754,383	(1,206,322)	1,525,729	-	124,880	-	684	2,199,354
HFT	231,022	-	-	-	-	-	-	231,022
	1,985,405	(1,206,322)	1,525,729	-	124,880	-	684	2,430,376
Financial liabilities at FVTPL:								
HFT	(530,237)	948,656	(9,965)	(133,407)	-	-	-	275,047
<b>Total</b>	<b>1,455,168</b>	<b>(257,666)</b>	<b>1,515,764</b>	<b>(133,407)</b>	<b>124,880</b>	<b>-</b>	<b>684</b>	<b>2,705,423</b>

June 30, 2016	Net realized gains / (losses) \$	Net change in unrealized gains / (losses) \$	Interest income \$	Interest expense \$	Dividend income \$	Dividend expense \$	Total \$
Financial assets at FVTPL:							
Designated as FVTPL	63,482	(210,282)	948,683	-	95,546	-	897,429
	63,482	(210,282)	948,683	-	95,546	-	897,429
Financial liabilities at FVTPL:							
HFT	(247,229)	1,133,563	-	-	-	(32,830)	853,504
<b>Total</b>	<b>(183,747)</b>	<b>923,281</b>	<b>948,683</b>	<b>-</b>	<b>95,546</b>	<b>(32,830)</b>	<b>1,750,933</b>



# EXEMPLAR LEADERS FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Financial assets designated at fair value through profit and loss	\$36,274,461	\$35,875,448
Financial assets held for trading		
Warrants at fair value	183,998	93,949
Cash	953,722	1,455,785
Margin deposits	383,045	942,351
Accrued dividends receivable	82,902	77,498
Receivable for securities sold	111,220	33,029
Receivable for redeemable units issued	101,069	2,598
	38,090,417	38,480,658
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Financial liabilities held for trading		
Investments sold short	93,787	717,277
Payable for securities purchased	127,821	397,560
Payable for redeemable units redeemed	17,286	47,264
Other liabilities (Note 11)	73,524	76,930
	312,418	1,239,031
<b>Net assets attributable to holders of redeemable units</b>	<b>\$37,777,999</b>	<b>\$37,241,627</b>
Net assets attributable to holders of redeemable units		
Series A	\$27,701,537	\$27,576,099
Series F	\$10,076,462	\$9,665,528
Number of redeemable units outstanding (Note 8)		
Series A	656,142	680,983
Series F	232,852	234,046
Net assets attributable to holders of redeemable units per unit		
Series A	\$42.22	\$40.49
Series F	\$43.27	\$41.30

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Fund:

"James L. McGovern"

James L. McGovern, Director

"Robert W. Maxwell"

Robert W. Maxwell, Director

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR LEADERS FUND

Statements of Comprehensive Income (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$
<b>INCOME</b>		
Net gains on investments and derivatives		
Dividend income	480,565	527,048
Dividend expense on short sales	-	(4,825)
Securities lending income (net) (Note 10)	24,852	-
Net realized gain (loss) on investments and derivatives	822,950	1,088,028
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	843,827	(1,024,238)
Net gains on investments and derivatives	2,172,194	586,013
Other income items:		
Interest on cash	1,142	1,812
Foreign exchange gain (loss)	(15,719)	11,083
Net change in unrealized foreign exchange gain (loss)	(39,416)	(116,558)
<b>Total income (net)</b>	<b>2,118,201</b>	<b>482,350</b>
<b>EXPENSES</b>		
Securityholder reporting fees	96,413	80,722
Management fees (Note 11)	288,029	271,800
Performance fees (Note 11)	3,302	-
Interest expense	-	41
Audit fees	9,395	9,738
Legal fees	893	4,879
Independent Review Committee fees	2,715	2,300
Custodial fees	9,316	7,442
Security borrowing expenses	5,382	21,692
Commissions and other portfolio transaction costs (Note 11)	18,411	12,548
Withholding tax expense	21,982	19,985
Harmonized sales tax	33,439	31,376
<b>Total expenses</b>	<b>489,277</b>	<b>462,523</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>1,628,924</b>	<b>19,827</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>		
Series A	1,165,967	(52,244)
Series F	462,957	72,071
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b>		
Series A	1.75	(0.07)
Series F	1.98	0.32

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR LEADERS FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017	2016
		\$	\$
<b>Net assets attributable to holders of redeemable units at beginning of period</b>			
	Series A	27,576,099	28,508,038
	Series F	9,665,528	8,851,024
		<u>37,241,627</u>	<u>37,359,062</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			
	Series A	1,165,967	(52,244)
	Series F	462,957	72,071
		<u>1,628,924</u>	<u>19,827</u>
<b>Redeemable unit transactions</b>			
Proceeds from redeemable units issued	Series A	936,963	490,319
	Series F	430,878	315,906
Redemption of redeemable units	Series A	(1,977,492)	(2,486,965)
	Series F	(482,901)	(306,085)
<b>Net increase (decrease) from redeemable unit transactions</b>		<u>(1,092,552)</u>	<u>(1,986,825)</u>
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>		<u>536,372</u>	<u>(1,966,998)</u>
<b>Net assets attributable to holders of redeemable units at end of period</b>			
	Series A	27,701,537	26,459,148
	Series F	10,076,462	8,932,916
		<u>37,777,999</u>	<u>35,392,064</u>

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR LEADERS FUND

Statements of Cash Flows (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$ (Note 3)
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	1,628,924	19,827
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(39,342)	18,208
Net realized (gain) loss on investments and derivatives	(822,950)	(1,088,028)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(843,827)	1,024,238
Purchase of investments	(9,354,259)	(8,932,447)
Proceeds on sale of investments	9,560,554	10,862,919
Decrease (increase) in accrued dividends receivable	(5,404)	10,425
Increase (decrease) in accrued dividends payable	-	(3,289)
Increase (decrease) in other liabilities	(3,406)	32,433
Decrease (increase) in margin deposits	559,306	(622)
<b>Net cash from (used in) operating activities</b>	679,596	1,943,664
<b>Cash flows from (used in) financing activities</b>		
Proceeds from redeemable units issued	1,093,430	709,565
Redemption of redeemable units	(2,314,431)	(2,789,439)
<b>Net cash from (used in) financing activities</b>	(1,221,001)	(2,079,874)
<b>Net Increase (decrease) in cash</b>	(541,405)	(136,210)
<b>Cash at beginning of the period</b>	1,455,785	1,708,963
Net change in unrealized foreign exchange gain (loss) on cash	39,342	(18,208)
<b>Cash at end of the period</b>	953,722	1,554,545
<b>Supplemental information:</b>		
Interest received*	1,142	1,812
Dividends received, net of withholding tax*	453,179	517,488
Interest paid*	-	(41)
Dividends paid*	-	(8,114)

\*Included as part of cash flows from operating activities

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		91.5%			
Security Name	Currency		Quantity	Average Cost \$	Fair Value \$
<b>Consumer Discretionary</b>		<b>8.5%</b>			
Enercare Inc.	CAD		28,200	430,530	556,104
Magna International Inc.	CAD		22,400	563,889	1,345,568
Martinrea International Inc.	CAD		45,600	394,615	482,904
Sleep Country Canada Holdings Inc.	CAD		20,400	344,585	839,460
				<u>1,733,619</u>	<u>3,224,036</u>
<b>Consumer Staples</b>		<b>0.4%</b>			
Neptune Technologies & Bioresources Inc.	CAD		123,400	282,144	135,740
<b>Energy</b>		<b>17.3%</b>			
AltaGas Ltd., Subscription Receipts	CAD		12,300	381,300	362,727
Cameco Corporation	CAD		17,800	236,693	210,218
Freehold Royalties Ltd.	CAD		164,400	2,216,810	2,145,420
Gear Energy Ltd.	CAD		6,400	4,692	4,736
Gran Tierra Energy Inc.	CAD		16,100	54,280	46,368
Granite Oil Corp.	CAD		24,100	110,523	111,583
High Arctic Energy Services Inc.	CAD		13,700	65,503	58,773
Inter Pipeline Ltd.	CAD		15,600	417,300	396,240
International Frontier Resources Corp.	CAD		192,000	53,760	47,706
Kinder Morgan Canada Limited, Restricted	CAD		29,200	496,400	462,236
Painted Pony Energy Ltd.	CAD		57,700	323,120	272,921
Parkland Fuel Corp.	CAD		600	16,620	17,338
Pembina Pipeline Corporation	CAD		9,900	300,377	425,205
PentaNova Energy Corp.	CAD		380,000	190,000	190,000
Peyto Exploration & Development Corp.	CAD		2,300	64,382	54,096
Prairie Provident Resources Inc.	CAD		91,600	61,372	45,800
PrairieSky Royalty Ltd.	CAD		10,300	321,292	304,159
Razor Energy Corp.	CAD		131,800	393,629	282,711
Source Energy Services Ltd.	CAD		26,200	245,501	209,862
TAG Oil Ltd.	CAD		173,500	111,129	104,100
Tidewater Midstream and Infrastructure Ltd.	CAD		109,500	169,037	143,445
TransCanada Corporation	CAD		6,300	360,535	389,466
Valeura Energy Inc.	CAD		98,900	74,175	69,230
ZCL Composites Inc.	CAD		13,600	55,209	177,072
				<u>6,723,639</u>	<u>6,531,412</u>
<b>Financials</b>		<b>12.7%</b>			
Alaris Royalty Corp.	CAD		78,500	1,542,788	1,807,855
ECN Capital Corp.	CAD		106,200	319,286	424,800
Element Fleet Management Corp.	CAD		146,000	1,401,621	1,299,400
Franklin Resources, Inc.	USD		900	49,110	52,275
Legg Mason, Inc.	USD		17,500	683,144	866,003
Santander Consumer USA Holdings Inc.	USD		12,900	225,802	213,458
The Westaim Corporation	CAD		35,600	97,651	112,852
				<u>4,319,402</u>	<u>4,776,643</u>

# EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		91.5%			
Security Name	Currency		Quantity	Average Cost \$	Fair Value \$
<b>Health Care</b>		<b>12.2%</b>			
Acasti Pharma Inc., Class A	CAD		141,000	204,450	242,520
Anthem, Inc.	USD		9,400	1,077,197	2,293,290
Assure Holdings Corp., Subscription Receipts	CAD		54,100	27,050	135,250
CVR Medical Corp.	CAD		138,000	66,240	42,442
Gilead Sciences, Inc.	USD		12,700	1,126,939	1,165,701
Immunovaccine Inc.	CAD		96,300	52,965	114,597
RepliCel Life Sciences Inc.	CAD		64,000	80,000	37,120
Theratechnologies Inc.	CAD		67,800	210,180	581,724
				<u>2,845,021</u>	<u>4,612,644</u>
<b>Industrials</b>		<b>8.6%</b>			
CanWel Building Materials Group Ltd.	CAD		48,500	222,070	318,160
DIRTT Environmental Solutions Ltd.	CAD		39,800	226,862	272,630
FLYHT Aerospace Solutions Ltd.	CAD		436,000	65,400	98,100
Grande West Transportation Group Inc.	CAD		12,000	22,800	32,342
Hexcel Corporation	USD		14,000	770,160	958,413
United Parcel Service, Inc.	USD		8,900	1,126,648	1,276,377
WestJet Airlines Ltd., Variable Voting	CAD		13,100	245,271	303,265
				<u>2,679,211</u>	<u>3,259,287</u>
<b>Information Technology</b>		<b>15.9%</b>			
AcuityAds Holding Inc.	CAD		24,300	82,620	98,190
AcuityAds Holding Inc.	CAD		9,300	32,550	38,130
Alphabet Inc.	USD		200	197,934	241,122
BSM Technologies Inc.	CAD		224,200	150,616	356,478
Cisco Systems, Inc.	USD		14,800	553,350	600,730
Cortex Business Solutions Inc.	CAD		11,400	46,778	45,942
The Descartes Systems Group Inc.	CAD		2,300	34,182	72,565
Espial Group Inc.	CAD		211,100	198,785	496,085
Immersion Corporation	USD		19,100	212,668	224,901
Kinaxis Inc.	CAD		3,700	52,560	298,738
Microsoft Corporation	USD		19,500	776,897	1,743,074
Nanotech Security Corp.	CAD		98,000	112,700	112,564
Opsens Inc.	CAD		262,400	222,523	380,480
Pioneering Technology Corp.	CAD		66,000	72,600	69,725
Pivot Technology Solutions, Inc.	CAD		16,100	34,102	39,767
Points International Ltd.	CAD		6,800	69,455	79,696
Quarterhill Inc.	CAD		164,800	416,947	308,176
Real Matters Inc.	CAD		400	5,200	4,260
Sandvine Corporation	CAD		37,900	115,933	162,591
Sierra Wireless, Inc.	CAD		10,800	269,226	393,336
TECSYS Inc.	CAD		4,600	47,361	67,160
TrackX Holdings Inc.	CAD		176,000	66,880	58,644
VersaPay Corporation	CAD		90,900	100,404	127,715
				<u>3,872,271</u>	<u>6,020,069</u>

# EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		91.5%			
Security Name	Currency		Quantity	Average Cost \$	Fair Value \$
<b>Materials</b>		<b>4.1%</b>			
AuRico Metals Inc.	CAD		2,900	2,818	3,306
Canada Zinc Metals Corp.	CAD		120,800	48,320	28,992
Horizonte Minerals PLC	CAD		1,900,000	61,940	76,000
Hudson Resources Inc.	CAD		5,600	1,960	2,436
Lithium Americas Corp.	CAD		96,700	71,521	84,129
LSC Lithium Corporation	CAD		289,700	376,610	359,228
Osisko Gold Royalties Ltd	CAD		25,500	384,347	404,175
Superior Gold Inc.	CAD		12,300	12,300	12,300
U.S. Concrete, Inc.	USD		5,800	408,724	590,809
				<u>1,368,540</u>	<u>1,561,375</u>
<b>Real Estate</b>		<b>5.9%</b>			
American Hotel Income Properties REIT LP	CAD		34,000	341,360	338,640
Cominar Real Estate Investment Trust	CAD		2,100	30,911	26,691
Inovalis Real Estate Investment Trust	CAD		62,800	507,082	634,280
National Storage Affiliates Trust	USD		4,500	120,874	134,861
Pure Multi-Family REIT LP, Class A	CAD		70,800	547,325	615,960
Slate Retail REIT, Class U	CAD		11,400	166,167	155,610
Tricon Capital Group Inc.	CAD		29,200	212,323	339,304
				<u>1,926,042</u>	<u>2,245,346</u>
<b>Telecommunication Services</b>		<b>1.5%</b>			
Verizon Communications Inc.	USD		9,600	532,591	555,985
<b>Utilities</b>		<b>4.4%</b>			
National Fuel Gas Company	USD		5,700	368,389	412,756
Polaris Infrastructure Inc.	CAD		72,000	586,836	1,230,480
				<u>955,225</u>	<u>1,643,236</u>
				<u>27,237,705</u>	<u>34,565,773</u>
Equity Positions - Short		(0.2%)			
Security Name	Currency		Quantity	Proceeds \$	Fair Value \$
<b>Consumer Discretionary</b>		<b>(0.2%)</b>			
Tesla Inc.	USD		(200)	(54,522)	(93,787)
Funds - Long		4.5%			
Security Name	Currency		Quantity	Average Cost \$	Fair Value \$
Boyd Group Income Fund	CAD		10,100	223,104	971,115
Crius Energy Trust	CAD		44,500	370,770	461,465
Crius Energy Trust, Subscription Receipts	CAD		20,000	196,000	205,800
Noranda Income Fund	CAD		55,800	202,466	70,308
				<u>992,340</u>	<u>1,708,688</u>

# EXEMPLAR LEADERS FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Warrant Positions - Long		0.5%					
Security Name	Currency	Strike Price	Maturity Date	Quantity	Average Cost	Fair Value	
		\$			\$	\$	\$
Acasti Pharma Inc.	CAD	1.50	03-12-18	205,000	-	-	
Acasti Pharma Inc.	CAD	2.15	02-21-22	70,500	-	54,016	
Canada Zinc Metals Corp.	CAD	0.55	12-15-18	64,500	-	-	
Ceapro Inc.	CAD	1.50	07-13-18	24,100	-	706	
Eguana Technologies Inc.	CAD	0.39	12-22-19	84,000	-	3,526	
FLYHT Aerospace Solutions Ltd.	CAD	0.25	05-20-18	218,000	-	4,401	
Hudson Resources Inc.	CAD	0.50	02-16-20	91,500	-	12,615	
Immunovaccine Inc.	CAD	0.72	06-08-18	59,000	-	28,789	
Imperus Technologies Corp.	CAD	0.55	01-28-18	72,000	-	-	
Nemaska Lithium Inc.	CAD	1.50	07-08-19	24,100	6,025	7,471	
Pioneering Technology Corp.	CAD	1.80	03-22-19	33,000	-	2,632	
Prairie Provident Resources Inc.	CAD	0.87	03-16-19	49,000	-	4,043	
Primero Mining Corp.	CAD	3.32	06-25-18	13,000	2,600	260	
Prometic Life Sciences Inc.	CAD	6.39	09-23-19	100,000	12,000	-	
Razor Energy Corp.	CAD	3.50	05-24-18	65,000	-	3,096	
RepliCel Life Sciences Inc.	CAD	2.00	02-24-20	64,000	-	-	
Royal Nickel Corp.	CAD	0.50	09-23-18	81,000	-	-	
TAG Oil Ltd.	CAD	0.90	03-20-19	96,000	192	7,200	
Theralase Technologies Inc.	CAD	0.38	11-10-21	258,000	2,580	47,298	
Titan Medical Inc.	CAD	0.75	09-20-21	195,000	9,750	4,875	
Titan Medical Inc.	CAD	0.40	03-16-19	32,500	-	-	
TrackX Holdings Inc.	CAD	0.55	05-10-19	88,000	-	3,070	
					<u>33,147</u>	<u>183,998</u>	

Investment Portfolio Summary		Average Cost / (Proceeds)	Fair Value
	%	\$	\$
Equity Positions - Long	91.5	27,237,705	34,565,773
Equity Positions - Short	(0.2)	(54,522)	(93,787)
Funds - Long	4.5	992,340	1,708,688
Warrant Positions - Long	0.5	33,147	183,998
Total Investments	<u>96.3</u>	<u>28,208,670</u>	<u>36,364,672</u>
Total Other Net Assets	<u>3.7</u>	<u>-</u>	<u>1,413,327</u>
Total Net Assets	<u>100.0</u>	<u>28,208,670</u>	<u>37,777,999</u>



# EXEMPLAR LEADERS FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (UNAUDITED)

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The investment objective of the Exemplar Leaders Fund is to maximize absolute returns on investments through securities selection and asset allocation. The Fund focuses on achieving growth of capital through superior securities selection and pursues a long-term investment program with the aim of generating capital gains. The Fund attempts to reduce volatility through diversifying the portfolio across both economic sectors and market capitalizations (company size and liquidity). The Fund invests primarily in equity and equity-related securities of North American companies. The Fund may also invest in international companies.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity, warrants and debt securities is limited to the fair value of those positions. The maximum loss on equities and debt sold short can be unlimited.

The management of these risks is carried out by the Manager in accordance with Fund's Declaration of Trust.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

As at June 30, 2017 and December 31, 2016 the Fund had no investments in debt instruments and therefore was not subject to related credit risk.

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, excluding the collateral held in respect to such loans, and is exposed to counterparty risk on all such loans, if any. The credit risk related to the securities lending program is limited as the Fund holds a minimum collateral equal to 102% of the fair value of the loaned securities. The collateral and loaned securities are marked to market on each valuation date. All counterparties have a credit rating equivalent to a Moody's credit rating of not less than Aa3.

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's brokerage services are provided by BMO Nesbitt Burns which has a credit rating of Aa3 (December 31, 2016: Aa3) as rated by Moody's bond rating services. Cash collateral has been provided to BMO Nesbitt Burns in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statement of Financial Position.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2016: Aa3).

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa2 (December 31, 2016: Aa1).

### Liquidity Risk

All of the Fund's liabilities are typically due in less than 3 months except for performance fees which are accrued daily and payable annually on December 31 (if applicable). Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

# EXEMPLAR LEADERS FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (UNAUDITED)

### Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

#### (a) Currency Risk

The tables below indicate the Fund's exposure to foreign currencies as at June 30, 2017 and December 31, 2016, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to foreign currencies, with all other variables held constant. Non-monetary items include equities, funds and warrants. Monetary items include cash and other current receivables and payables.

June 30, 2017	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	756,487	11,338,363	12,094,850	75,649	1,133,836	1,209,485
United States Dollar - Short	(48,100)	(93,787)	(141,887)	(4,810)	(9,379)	(14,189)
Total	708,387	11,244,576	11,952,963	70,839	1,124,457	1,195,296
% of net assets attributable to holders of redeemable units	1.9%	29.8%	31.6%	0.2%	3.0%	3.2%

December 31, 2016	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	1,764,380	12,582,581	14,346,961	176,438	1,258,258	1,434,696
United States Dollar - Short	-	(717,277)	(717,277)	-	(71,728)	(71,728)
Total	1,764,380	11,865,304	13,629,684	176,438	1,186,530	1,362,968
% of net assets attributable to holders of redeemable units	4.7%	31.9%	36.6%	0.5%	3.2%	3.7%

#### (b) Interest Rate Risk

As at June 30, 2017 and December 31, 2016 the Fund did not hold any interest-bearing securities, and therefore was not subject to significant interest rate risk.

#### (c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

To achieve the investment objective of the Fund, the Manager: (i) makes long term investments of securities of issuers which the Manager believes present the greatest opportunity for capital appreciation; and (ii) manages the portfolio's sector allocation, increasing and decreasing exposure to different sectors of the market as appropriate.

As at June 30, 2017, the impact on net assets of the Fund due to a 5% change in market prices of equity and fund securities is \$1,818,234 (all other variables held constant)(2016: \$1,762,606).

The Fund has the ability to take short positions, in total not exceeding 20% of the Net Asset Value of the Fund. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold short at prices which may be significantly higher than the fair value reflected on the financial statements.

# EXEMPLAR LEADERS FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (UNAUDITED)

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk:

Market Segment	% of net assets attributable to holders of redeemable units			
	June 30, 2017		December 31, 2016	
	Long %	Short %	Long %	Short %
Consumer Discretionary	8.5	(0.2)	8.7	(1.9)
Consumer Staples	0.4	-	0.9	-
Energy	17.3	-	13.4	-
Financials	12.7	-	12.2	-
Funds	4.5	-	3.0	-
Health Care	12.2	-	14.1	-
Industrials	8.6	-	11.2	-
Information Technology	15.9	-	16.2	-
Materials	4.1	-	4.6	-
Real Estate	5.9	-	5.1	-
Telecommunication Services	1.5	-	1.8	-
Utilities	4.4	-	5.1	-
Derivatives	0.5	-	0.3	-
<b>Total</b>	<b>96.5</b>	<b>(0.2)</b>	<b>96.6</b>	<b>(1.9)</b>

### FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2017 and December 31, 2016:

June 30, 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Equities	34,086,822	478,951	-	34,565,773
Funds	1,708,688	-	-	1,708,688
Warrants	-	183,998	-	183,998
<b>Total</b>	<b>35,795,510</b>	<b>662,949</b>	<b>-</b>	<b>36,458,459</b>
<b>Financial liabilities</b>				
Equities sold short	(93,787)	-	-	(93,787)
<b>Total</b>	<b>(93,787)</b>	<b>-</b>	<b>-</b>	<b>(93,787)</b>
December 31, 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Equities	34,519,005	251,217	-	34,770,222
Funds	1,105,226	-	-	1,105,226
Warrants	19,163	74,786	-	93,949
<b>Total</b>	<b>35,643,394</b>	<b>326,003</b>	<b>-</b>	<b>35,969,397</b>
<b>Financial liabilities</b>				
Equities sold short	(717,277)	-	-	(717,277)
<b>Total</b>	<b>(717,277)</b>	<b>-</b>	<b>-</b>	<b>(717,277)</b>

# EXEMPLAR LEADERS FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (UNAUDITED)

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the Manager. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements.

There were no transfers from Level 2 to Level 1 during the period ended June 30, 2017 and December 31, 2016.

### a) Equities and Funds

Most of the Fund's equity positions and all investments in Funds are classified as Level 1 as the securities are actively traded on a recognized exchange and a quoted price is available. Equity positions which have resale restrictions but otherwise trade on the market are classified as Level 2.

### b) Warrants

Warrants are valued using models and valuation techniques commonly used in the industry, including inputs such as underlying stock price, restrictions on exercise and days to expiry. When the inputs that are significant to valuation are generally observable, the warrant is classified as Level 2. Warrants that have significant unobservable inputs are classified as Level 3.

### Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2017 and 2016.

June 30, 2017	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Securities lending income	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets at FVTPL:								
Designated as FVTPL	1,104,678	702,410	-	-	480,565	-	24,852	2,312,505
HFT	-	131,351	-	-	-	-	-	131,351
	1,104,678	833,761	-	-	480,565	-	24,852	2,443,856
Financial liabilities at FVTPL:								
HFT	(281,728)	10,066	-	-	-	-	-	(271,662)
<b>Total</b>	<b>822,950</b>	<b>843,827</b>	<b>-</b>	<b>-</b>	<b>480,565</b>	<b>-</b>	<b>24,852</b>	<b>2,172,194</b>

June 30, 2016	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Securities lending income	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets at FVTPL:								
Designated as FVTPL	1,081,486	(1,024,843)	-	-	527,048	-	-	583,691
HFT	-	25,667	-	-	-	-	-	25,667
	1,081,486	(999,176)	-	-	527,048	-	-	609,358
Financial liabilities at FVTPL:								
HFT	6,542	(25,062)	-	-	-	-	(4,825)	(23,345)
<b>Total</b>	<b>1,088,028</b>	<b>(1,024,238)</b>	<b>-</b>	<b>-</b>	<b>527,048</b>	<b>-</b>	<b>(4,825)</b>	<b>586,013</b>

# EXEMPLAR PERFORMANCE FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Financial assets designated at fair value through profit and loss	\$31,625,293	\$31,254,792
Cash	6,406,766	7,550,941
Margin deposits	1,598,079	1,637,454
Accrued dividends receivable	53,641	49,087
Receivable for securities sold	1,040,333	57,455
Receivable for redeemable units issued	192,344	46,109
	40,916,456	40,595,838
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Financial liabilities held for trading		
Investments sold short	300,056	343,502
Payable for securities purchased	382,906	116,876
Payable for redeemable units redeemed	148,366	29,492
Accrued dividends payable	621	-
Other liabilities ( <i>Note 11</i> )	96,454	76,429
	928,403	566,299
<b>Net assets attributable to holders of redeemable units</b>	<b>\$39,988,053</b>	<b>\$40,029,539</b>
Net assets attributable to holders of redeemable units		
Series A	\$11,723,464	\$12,339,997
Series AD	\$275,925	\$254,875
Series F	\$21,995,399	\$19,431,447
Series FD	\$478,496	\$401,269
Series I	\$5,175	\$2,458,712
Series L	\$5,176,915	\$5,051,406
Series LD	\$332,679	\$91,833

*Continued on next page.*

*The accompanying notes are an integral part of these financial statements.*

# EXEMPLAR PERFORMANCE FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<i>Continued from previous page.</i>		
Number of redeemable units outstanding (Note 8)		
Series A	940,591	1,032,860
Series AD	27,178	25,946
Series F	1,718,474	1,591,950
Series FD	45,210	39,436
Series I	461	227,887
Series L	452,125	459,491
Series LD	32,358	9,179
Net assets attributable to holders of redeemable units per unit		
Series A	\$12.46	\$11.95
Series AD	\$10.15	\$9.82
Series F	\$12.80	\$12.21
Series FD	\$10.58	\$10.18
Series I	\$11.24	\$10.79
Series L	\$11.45	\$10.99
Series LD	\$10.28	\$10.00

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Fund:

“James L. McGovern”

James L. McGovern, Director

“Robert W. Maxwell”

Robert W. Maxwell, Director

*The accompanying notes are an integral part of these financial statements.*

# EXEMPLAR PERFORMANCE FUND

Statements of Comprehensive Income  
For the periods ended June 30,

	2017 \$	2016 \$
<b>INCOME</b>		
Net gains (losses) on investments and derivatives		
Dividend income	323,972	152,678
Dividend expense on short sales	(2,599)	(9,668)
Securities lending income (net) (Note 10)	16,078	-
Net realized gain (loss) on investments and derivatives	220,522	(146,484)
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	1,698,173	336,102
Net gains (losses) on investments and derivatives	2,256,146	332,628
Other income items:		
Interest on cash	6,480	35,878
Foreign exchange gain (loss)	(11,389)	(204,250)
Net change in unrealized foreign exchange gain (loss)	(83,992)	(34,908)
<b>Total income (net)</b>	<b>2,167,245</b>	<b>129,348</b>
<b>EXPENSES</b>		
Securityholder reporting fees	106,665	84,052
Management fees (Note 11)	288,516	212,305
Performance fees (Note 11)	17,685	-
Interest expense	86	182
Audit fees	9,395	7,822
Legal fees	893	4,226
Independent Review Committee fees	2,715	2,300
Custodial fees	9,661	9,698
Security borrowing expenses	570	2,780
Commissions and other portfolio transaction costs (Note 11)	16,736	10,282
Withholding tax expense	5,288	1,931
Harmonized sales tax	47,064	35,597
Total expenses before manager absorption	505,274	371,175
Less: expenses absorbed by manager (Note 11)	(13,812)	(18,618)
<b>Total expenses after manager absorption</b>	<b>491,462</b>	<b>352,557</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>1,675,783</b>	<b>(223,209)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units (Note 13)</b>		
Series A	520,357	(67,930)
Series AD	11,283	(5,633)
Series F	888,038	(52,268)
Series FD	18,885	(2,697)
Series I	15,546	(63,149)
Series L	212,637	(29,790)
Series LD	9,037	(1,742)
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b>		
Series A	0.53	(0.08)
Series AD	0.42	(0.20)
Series F	0.56	(0.05)
Series FD	0.47	(0.08)
Series I	0.39	(0.19)
Series L	0.46	(0.08)
Series LD	0.31	(0.17)

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR PERFORMANCE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<b>Net assets attributable to holders of redeemable units at beginning of period</b>			
	Series A	12,339,997	7,664,351
	Series AD	254,875	225,063
	Series F	19,431,447	10,828,387
	Series FD	401,269	335,525
	Series I	2,458,712	4,875,100
	Series L	5,051,406	2,934,980
	Series LD	91,833	99,846
		40,029,539	26,963,252
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>			
	Series A	520,357	(67,930)
	Series AD	11,283	(5,633)
	Series F	888,038	(52,268)
	Series FD	18,885	(2,697)
	Series I	15,546	(63,149)
	Series L	212,637	(29,790)
	Series LD	9,037	(1,742)
		1,675,783	(223,209)
<b>Distributions to holders of redeemable units</b>			
From return of capital			
	Series AD	(2,673)	(2,616)
	Series FD	(4,212)	(3,515)
	Series LD	(3,213)	(1,004)
		(10,098)	(7,135)
<b>Redeemable unit transactions</b>			
Proceeds from redeemable units issued			
	Series A	1,297,080	4,533,160
	Series AD	21,282	49,420
	Series F	5,000,018	5,503,979
	Series FD	78,030	51,300
	Series I	5,000	250,000
	Series L	94,879	1,663,204
	Series LD	231,809	-
Reinvestments of distributions to holders of redeemable units			
	Series AD	2,308	2,251
	Series FD	914	1,220
	Series LD	3,213	1,004

Continued on next page.

The accompanying notes are an integral part of these financial statements.



# EXEMPLAR PERFORMANCE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017	2016
		\$	\$
<i>Continued from previous page.</i>			
Redemption of redeemable units	Series A	(2,433,970)	(724,117)
	Series AD	(11,150)	(21,479)
	Series F	(3,324,104)	(917,771)
	Series FD	(16,390)	(34,063)
	Series I	(2,474,083)	(2,795,000)
	Series L	(182,007)	(145)
	Series LD	-	(9,808)
<b>Net increase (decrease) from redeemable unit transactions</b>		<b>(1,707,171)</b>	<b>7,553,155</b>
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>(41,486)</b>	<b>7,322,811</b>
	Series A	11,723,464	11,405,464
	Series AD	275,925	247,006
	Series F	21,995,399	15,362,327
	Series FD	478,496	347,770
	Series I	5,175	2,266,951
	Series L	5,176,915	4,568,249
	Series LD	332,679	88,296
<b>Net assets attributable to holders of redeemable units at end of period</b>		<b>39,988,053</b>	<b>34,286,063</b>

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR PERFORMANCE FUND

## Statements of Cash Flows (Unaudited) For the periods ended June 30,

	2017 \$	2016 \$
		(Note 3)
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	1,675,783	(223,209)
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(79,278)	(3,200)
Net realized (gain) loss on investments and derivatives	(220,522)	146,484
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(1,698,173)	(336,102)
Purchase of investments	(14,120,375)	(14,232,051)
Proceeds on sale of investments	14,908,277	8,474,150
Decrease (increase) in accrued dividends receivable	(4,554)	(14,947)
Increase (decrease) in accrued dividends payable	621	6,138
Increase (decrease) in other liabilities	20,025	40,753
Decrease (increase) in margin deposits	39,375	(1,040,561)
<b>Net cash from (used in) operating activities</b>	521,179	(7,182,545)
<b>Cash flows from (used in) financing activities</b>		
Proceeds from redeemable units issued	5,723,262	11,561,657
Redemption of redeemable units	(7,464,231)	(4,165,326)
Distributions paid to holders of redeemable units, net of reinvested distributions	(3,663)	(2,660)
<b>Net cash from (used in) financing activities</b>	(1,744,632)	7,393,671
<b>Net Increase (decrease) in cash</b>	(1,223,453)	211,126
<b>Cash at beginning of the period</b>	7,550,941	13,543,597
Net change in unrealized foreign exchange gain (loss) on cash	79,278	3,200
<b>Cash at end of the period</b>	6,406,766	13,757,923
<b>Supplemental information:</b>		
Interest received*	6,480	35,878
Dividends received, net of withholding tax*	314,130	135,800
Interest paid*	(86)	(182)
Dividends paid*	(1,978)	(3,530)
*Included as part of cash flows from operating activities		

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		74.4%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
<b>Consumer Discretionary</b>		<b>10.6%</b>			
Amazon.com, Inc.	USD	500	585,733	627,651	
Canadian Tire Corporation, Limited, Class A	CAD	2,500	302,733	368,900	
Cineplex Inc.	CAD	2,100	102,291	111,006	
DHX Media Ltd.*	CAD	72,700	527,175	417,298	
Diversified Royalty Corp.*	CAD	156,600	399,809	405,594	
Dollarama Inc.	CAD	2,200	273,184	272,602	
Freshii Inc. Class A Subordinated Voting*	CAD	3,300	37,950	40,590	
Imvescor Restaurant Group Inc.	CAD	69,200	232,827	253,964	
Newell Brands Inc.	USD	3,300	207,810	229,464	
Park Lawn Corporation	CAD	17,500	275,482	329,350	
Shaw Communications Inc., Class B, Convertible	CAD	100	3,006	2,829	
Sleep Country Canada Holdings Inc.	CAD	12,500	293,198	514,375	
Spin Master Corp. Subordinated Voting	CAD	13,900	368,329	537,930	
Stingray Digital Group Inc., Subordinated Voting	CAD	12,400	90,761	97,712	
			3,700,288	4,209,265	
<b>Consumer Staples</b>		<b>5.4%</b>			
Alimentation Couche-Tard Inc.	CAD	10,900	596,430	677,544	
Altria Group, Inc.	USD	1,300	119,245	125,545	
Constellation Brands, Inc.	USD	1,000	197,962	251,229	
GreenSpace Brands Inc.	CAD	25,200	37,360	38,304	
Loblaw Companies Limited	CAD	4,400	313,013	317,416	
Maple Leaf Foods Inc.	CAD	200	5,864	6,548	
Mondelez International, Inc.	USD	2,700	153,079	151,224	
Pinnacle Foods Inc.	USD	100	7,655	7,703	
Premium Brands Holdings Corporation	CAD	2,400	97,450	223,296	
Tyson Foods, Inc.	USD	4,000	348,145	324,874	
Whole Foods Market, Inc.*	USD	1,000	47,280	54,608	
			1,923,483	2,178,291	
<b>Energy</b>		<b>8.1%</b>			
Advantage Oil & Gas Ltd.	CAD	8,800	76,636	77,176	
AltaGas Ltd., Subscription Receipt	CAD	14,600	448,474	430,554	
Cameco Corporation	CAD	16,400	255,517	193,684	
Enerflex Ltd.	CAD	14,500	253,988	272,890	
Paramount Resources Ltd., Class A	CAD	8,300	152,358	158,447	
Parex Resources Inc.	CAD	17,700	282,623	261,075	
Parkland Fuel Corporation	CAD	2,800	79,239	83,188	
ShawCor Ltd.	CAD	8,100	265,513	214,488	
Tourmaline Oil Corp.	CAD	1,600	56,088	44,608	
TransCanada Corporation*	CAD	18,200	968,069	1,125,124	
Trican Well Service Ltd.	CAD	10,200	52,795	37,026	
Vermilion Energy Inc.*	CAD	8,600	361,550	353,804	
			3,252,850	3,252,064	

# EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		74.4%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
<b>Financials</b>		<b>8.9%</b>			
The Bank of Nova Scotia	CAD	1,600	122,043	124,816	
Burford Capital Limited	GBP	20,000	190,192	304,361	
Comerica Incorporated	USD	1,400	126,891	132,969	
ECN Capital Corp.	CAD	89,300	291,994	357,200	
F.N.B. Corporation*	USD	1,500	30,727	27,544	
The Goldman Sachs Group, Inc.	USD	100	26,428	28,776	
The Hartford Financial Services Group, Inc.	USD	2,200	142,558	149,980	
Hilltop Holdings Inc.	USD	300	11,229	10,197	
Invesco Ltd.	USD	300	12,423	13,690	
JPMorgan Chase & Co.	USD	900	102,290	106,675	
National Bank of Canada	CAD	4,200	225,744	229,026	
Onex Corporation, Subordinated Voting	CAD	5,100	474,433	529,431	
Royal Bank of Canada	CAD	12,400	1,190,945	1,167,584	
State Bank Financial Corporation	USD	3,800	133,273	133,643	
Thomson Reuters Corporation	CAD	1,500	89,961	90,060	
Uranium Participation Corporation	CAD	40,600	177,772	158,340	
			3,348,903	3,564,292	
<b>Health Care</b>		<b>2.0%</b>			
Heliuss Medical Technologies, Inc.*	CAD	76,900	98,643	154,569	
Johnson & Johnson	USD	600	92,596	102,932	
Knight Therapeutics Inc.	CAD	30,000	249,921	308,700	
TSO3 Inc.	CAD	1,200	3,427	3,708	
Zoetis Inc.	USD	2,600	139,420	210,325	
			584,007	780,234	
<b>Industrials</b>		<b>12.5%</b>			
Ag Growth International Inc.	CAD	8,600	405,745	496,392	
Air Canada	CAD	5,500	95,177	95,590	
Arconic Inc.	USD	4,700	168,605	138,051	
Armstrong Flooring, Inc.	USD	15,710	328,774	366,098	
CAE Inc.	CAD	14,900	256,821	333,164	
Canadian National Railway Company	CAD	1,300	101,881	136,786	
Canadian Pacific Railway Limited	CAD	500	97,890	104,325	
Exchange Income Corporation*	CAD	9,000	368,709	297,540	
Ingersoll-Rand Public Limited Company	USD	300	25,842	35,554	
Morneau Shepell Inc.	CAD	10,900	181,970	227,156	
New Flyer Industries Inc.	CAD	11,000	439,147	596,640	
Northrop Grumman Corporation	USD	500	151,952	166,451	
Raytheon Company	USD	2,200	422,060	460,696	
Richelieu Hardware Ltd.	CAD	14,100	328,364	423,705	
Rocky Mountain Dealerships Inc.	CAD	20,900	199,662	207,955	
Savaria Corporation	CAD	4,900	61,277	78,106	
Toromont Industries Ltd.	CAD	4,200	134,882	200,508	
United Rentals, Inc.	USD	800	133,983	116,930	
Univar Inc.*	USD	2,500	97,067	94,666	

# EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		74.4%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	
<b>Industrials - Continued</b>					
Wajax Corporation	CAD	1,100	22,228	24,904	
Waste Connections, Inc.	USD	1,350	79,396	112,779	
Waste Connections, Inc.	CAD	2,100	179,999	175,413	
WSP Global Inc.	CAD	2,200	79,152	118,382	
			4,360,583	5,007,791	
<b>Information Technology</b>					
			7.2%		
AcuityAds Holding Inc.	CAD	14,200	59,386	58,220	
Blackhawk Network Holdings, Inc.	USD	777	43,374	43,932	
Broadcom Limited	USD	1,000	204,919	302,219	
BSM Technologies Inc.*	CAD	15,100	23,785	24,009	
Celestica Inc., Subordinated Voting	CAD	500	9,239	8,810	
Citrix Systems, Inc.	USD	100	10,656	10,320	
Constellation Software Inc.	CAD	300	133,336	203,523	
The Descartes Systems Group Inc.	USD	10,000	208,422	315,771	
Facebook, Inc.	USD	100	16,348	19,579	
Kinaxis Inc.	CAD	5,100	152,329	411,774	
Micron Technology, Inc.	USD	6,600	205,478	255,568	
Microsoft Corporation	USD	700	52,068	62,572	
Open Text Corporation	CAD	4,300	173,826	175,999	
Oracle Corporation	USD	3,400	226,123	221,073	
Pure Technologies Ltd.*	CAD	54,900	329,698	268,461	
Shopify Inc.	USD	2,500	221,677	281,730	
Square, Inc.*	USD	2,200	48,771	66,930	
The Trade Desk, Inc.	USD	100	6,667	6,498	
Visa Inc.	USD	1,200	112,176	145,937	
			2,238,278	2,882,925	
<b>Materials</b>					
			10.8%		
Agnico Eagle Mines Limited	CAD	6,400	394,190	374,272	
Albemarle Corporation	USD	2,100	242,982	287,415	
CCL Industries, Class B	CAD	28,900	1,064,507	1,896,129	
Hudbay Minerals Inc.	CAD	400	3,682	3,000	
Integra Gold Corp.*	CAD	144,200	102,820	135,548	
Kirkland Lake Gold Ltd.*	CAD	19,400	200,981	238,038	
Lithium Americas Corp.*	CAD	36,100	35,140	31,407	
LSC Lithium Corporation	CAD	200,000	260,000	248,000	
Lucara Diamond Corp.	CAD	85,500	295,713	235,980	
Methanex Corporation	CAD	5,800	267,464	332,050	
Sandstorm Gold Ltd.*	USD	52,309	302,196	262,519	
Sociedad Quimica y Minera de Chile S.A., ADR	USD	3,900	111,935	166,999	
Trevali Mining Corporation	CAD	84,100	52,532	106,807	
Wesdome Gold Mines Ltd.	CAD	6,100	23,828	18,605	
			3,357,970	4,336,769	

# EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		74.4%			
Security Name	Currency		Quantity	Average Cost \$	Fair Value \$
<b>Real Estate</b>		<b>4.0%</b>			
Pure Multi-Family REIT LP, Class A	CAD		54,800	493,971	476,760
StorageVault Canada Inc.*	CAD		400,000	340,000	1,056,000
Tricon Capital Group Inc.*	CAD		5,300	48,442	61,586
				<u>882,413</u>	<u>1,594,346</u>
<b>Telecommunication Services</b>		<b>0.9%</b>			
BCE Inc.	CAD		2,800	161,909	163,520
Rogers Communications Inc., Class B	CAD		1,000	62,277	61,250
TELUS Corporation	CAD		2,900	130,080	129,833
				<u>354,266</u>	<u>354,603</u>
<b>Utilities</b>		<b>4.0%</b>			
Brookfield Infrastructure Partners L.P.	CAD		3,700	154,222	196,248
Brookfield Infrastructure Partners L.P.	USD		12,500	521,610	663,151
Northland Power Inc.*	CAD		20,200	478,992	466,620
TransAlta Corporation	CAD		32,000	186,754	265,280
				<u>1,341,578</u>	<u>1,591,299</u>
				<u>25,344,619</u>	<u>29,751,879</u>

Equity Positions - Short		(0.7%)			
Security Name	Currency		Quantity	Proceeds \$	Fair Value \$
<b>Consumer Discretionary</b>		<b>(0.6%)</b>			
H&R Block, Inc.	USD		(800)	(26,997)	(32,067)
MTY Food Group Inc.	CAD		(4,100)	(183,782)	(190,076)
				<u>(210,779)</u>	<u>(222,143)</u>
<b>Energy</b>		<b>(0.1%)</b>			
AltaGas Ltd.	CAD		(1,400)	(43,660)	(41,552)
Obsidian Energy Ltd.	CAD		(300)	(514)	(489)
				<u>(44,174)</u>	<u>(42,041)</u>
<b>Financials</b>		<b>(0.0%)</b>			
Alaris Royalty Corp.	CAD		(300)	(6,630)	(6,909)
Canadian Imperial Bank of Commerce	CAD		(100)	(11,091)	(10,539)
				<u>(17,721)</u>	<u>(17,448)</u>
<b>Utilities</b>		<b>(0.0%)</b>			
Hydro One Limited	CAD		(600)	(13,903)	(13,938)
				<u>(286,577)</u>	<u>(295,570)</u>

# EXEMPLAR PERFORMANCE FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Funds - Long		4.7%			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	\$
Boyd Group Income Fund	CAD	14,600	866,354	1,403,790	
Crius Energy Trust*	CAD	9,400	95,532	97,478	
PureFunds ISE Cyber Security ETF	USD	200	7,946	7,786	
SPDR Gold Shares*	USD	800	127,246	122,439	
Technology Select Sector SPDR*	USD	2,200	167,836	156,114	
Vanguard FTSE Europe ETF	USD	1,200	82,910	85,807	
			<u>1,347,824</u>	<u>1,873,414</u>	

Funds - Short		(0.0%)			
Security Name	Currency	Quantity	Average Cost	Fair Value	
			\$	\$	\$
iShares S&P/TSX 60 Index ETF	CAD	(200)	(4,636)	(4,486)	

Investment Portfolio Summary		Average Cost /	Fair Value
	%	(Proceeds)	
		\$	\$
Equity Positions - Long	74.4	25,344,619	29,751,879
Equity Positions - Short	(0.7)	(286,577)	(295,570)
Funds - Long	4.7	1,347,824	1,873,414
Funds - Short	(0.0)	(4,636)	(4,486)
Total Investments	<u>78.4</u>	<u>26,401,230</u>	<u>31,325,237</u>
Total Other Net Assets	<u>21.6</u>	<u>-</u>	<u>8,662,816</u>
Total Net Assets	<u>100.0</u>	<u>26,401,230</u>	<u>39,988,053</u>

\*Denotes all or part of securities on loan

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Performance Fund is to achieve capital appreciation over both short and long term horizons primarily through the selection and management of shares of Canadian equity securities.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss on equities and debt sold short can be unlimited.

The management of these risks is carried out by the Manager in accordance with the Fund's Declaration of Trust.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

Credit Rating*	Percentage of total debt securities	
	As at June 30, 2017	As at December 31, 2016
	%	%
Not Rated	-	100.0
Total	-	100.0

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

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, excluding the collateral held in respect to such loans, and is exposed to counterparty risk on all such loans, if any. The credit risk related to the securities lending program is limited as the Fund holds a minimum collateral equal to 102% of the fair value of the loaned securities. The collateral and loaned securities are marked to market on each valuation date. All counterparties have a credit rating equivalent to a Moody's credit rating of not less than A3.

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

The Fund is exposed to counterparty credit risk on margin on deposit, cash held at the broker and receivables for securities sold. The Fund's brokerage agreement requires cash collateral up to 150% of the fair value of securities sold short. The Fund's prime brokerage services are provided by BMO Nesbitt Burns which has a credit rating of Aa3 (December 31, 2016: Aa3) as rated by Moody's bond rating services. Cash collateral has been provided to BMO Nesbitt Burns in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statement of Financial Position.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2016: A1).

The Fund is exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa2 (December 31, 2016: Aa1).

### Liquidity Risk

All of the Fund's liabilities are typically due in less than 3 months except for performance fees which are accrued daily and payable annually on December 31 (if applicable). Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.



# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

### Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

#### (a) Currency Risk

The table below indicates the Fund's exposure to foreign currencies as at June 30, 2017 and December 31, 2016 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to the other currencies, with all other variables held constant. Non-monetary items include equities and funds. Monetary items include fixed income, cash and other current receivables and payables.

June 30, 2017	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary \$	Non-Monetary \$	Total \$	Monetary \$	Non-Monetary \$	Total \$
United States Dollar - Long	3,057,281	7,670,280	10,727,561	305,728	767,028	1,072,756
United States Dollar - Short	(209,179)	(32,316)	(241,495)	(20,918)	(3,232)	(24,150)
British Pound - Long	-	304,361	304,361	-	30,436	30,436
<b>Total</b>	<b>2,848,102</b>	<b>7,942,325</b>	<b>10,790,427</b>	<b>284,810</b>	<b>794,232</b>	<b>1,079,042</b>
% of net assets attributable to holders of redeemable units	7.1%	19.9%	27.0%	0.7%	2.0%	2.7%

December 31, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary \$	Non-Monetary \$	Total \$	Monetary \$	Non-Monetary \$	Total \$
United States Dollar - Long	1,284,065	7,063,810	8,347,875	128,407	706,381	834,788
United States Dollar - Short	(62,579)	-	(62,579)	(6,258)	-	(6,258)
British Pound - Long	-	189,461	189,461	-	18,946	18,946
<b>Total</b>	<b>1,221,486</b>	<b>7,253,271</b>	<b>8,474,757</b>	<b>122,149</b>	<b>725,327</b>	<b>847,476</b>
% of net assets attributable to holders of redeemable units	3.1%	18.1%	21.2%	0.3%	1.8%	2.1%

#### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and December 31, 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to Maturity	Total Exposure	
	June 30, 2017	December 31, 2016
Less than 1 year	\$ -	\$ -
1-3 years	-	-
3-5 years	-	61,920
Greater than 5 years	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 61,920</b>
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ -	+/- \$ 2,006
Total % sensitivity to net assets attributable to holders of redeemable units	-	0.0%

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

### (c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus, as summarized below.

To achieve the investment objective, the Fund will invest predominantly in large and mid capitalization Canadian companies. Generally, no more than 20% of the Fund is expected to be invested outside of this investment focus. The Fund may also invest in bonds and other debt instruments if warranted by financial conditions. The Fund will not specialize in any one industry other than to concentrate investments in those industries that offer the best opportunities for exceptional returns at each stage of the economic and market cycle.

The Fund may follow a more concentrated investment approach and, from time to time, over weight certain geographic regions and industry sectors when deemed appropriate by the Manager. This may result in the Fund's portfolio weightings being substantially different from the weightings of the S&P/TSX Composite Total Return Index (or its successor index).

The Fund may hold cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the Manager's ongoing evaluation of current and anticipated economic and market conditions. The Fund may also invest in foreign securities of the same type and characteristics as described above.

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold short at prices which may be significantly higher than the fair value reflected on the financial statements.

As at June 30, 2017, the impact on net assets of the Fund due to a 5% change in market prices of equity and fund securities is \$1,566,262 (all other variables held constant) (December 31, 2016: 1,542,469).

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

The following is a summary of the Fund's concentration risk as of June 30, 2017 and December 31, 2016:

Market Segment	% of net assets attributable to holders of redeemable units			
	June 30, 2017		December 31, 2016	
	Long Positions	Short Positions	Long Positions	Short Positions
	%	%	%	%
Consumer Discretionary	10.6	(0.6)	9.3	(0.4)
Consumer Staples	5.4	-	5.6	-
Corporate Bonds	-	-	0.2	-
Energy	8.1	(0.1)	10.9	-
Financials	8.9	(0.0)	5.9	-
Funds	4.7	(0.0)	8.9	-
Health Care	2.0	-	2.6	-
Industrials	12.5	-	10.6	(0.3)
Information Technology	7.2	-	6.7	-
Materials	10.8	-	11.6	(0.2)
Real Estate	4.0	-	2.2	-
Telecommunication Services	0.9	-	0.4	-
Utilities	4.0	(0.0)	3.2	-
Total	79.1	(0.7)	78.1	(0.9)

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

### FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2017 and December 31, 2016:

June 30, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Equities	29,751,879	-	-	29,751,879
Funds	1,873,414	-	-	1,873,414
<b>Total</b>	<b>31,625,293</b>	-	-	<b>31,625,293</b>
<b>Financial liabilities</b>				
Equities sold short	(295,570)	-	-	(295,570)
Funds	(4,486)	-	-	(4,486)
<b>Total</b>	<b>(300,056)</b>	-	-	<b>(300,056)</b>

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Equities	27,623,590	-	-	27,623,590
Fixed income	-	61,920	-	61,920
Funds	3,569,282	-	-	3,569,282
<b>Total</b>	<b>31,192,872</b>	<b>61,920</b>	-	<b>31,254,792</b>
<b>Financial liabilities</b>				
Equities sold short	(343,502)	-	-	(343,502)
<b>Total</b>	<b>(343,502)</b>	-	-	<b>(343,502)</b>

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the Manager. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

#### a) Equities and Funds

The Fund's equity positions and investments in funds (long and short) are all classified as Level 1 as each security is actively traded on a recognized exchange and a quoted price is available.

#### b) Bonds

The Fund's bond holdings are comprised of Canadian corporate bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

# EXEMPLAR PERFORMANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

As at June 30, 2017 and December 31, 2016, the Fund did not hold any Level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ending June 30, 2017 and December 31, 2016.

### Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2017 and 2016.

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Securities lending income	Total
June 30, 2017	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets at FVTPL:								
Designated as FVTPL	267,739	1,641,573	-	-	323,972	-	16,078	2,249,362
Financial liabilities at FVTPL:								
HFT	(47,217)	56,600	-	-	-	(2,599)	-	6,784
<b>Total</b>	<b>220,522</b>	<b>1,698,173</b>	<b>-</b>	<b>-</b>	<b>323,972</b>	<b>(2,599)</b>	<b>16,078</b>	<b>2,256,146</b>

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Securities lending income	Total
June 30, 2016	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets at FVTPL:								
Designated as FVTPL	(185,483)	490,384	-	-	152,678	-	-	457,579
Financial liabilities at FVTPL:								
HFT	38,999	(154,282)	-	-	-	(9,668)	-	(124,951)
<b>Total</b>	<b>(146,484)</b>	<b>336,102</b>	<b>-</b>	<b>-</b>	<b>152,678</b>	<b>(9,668)</b>	<b>-</b>	<b>332,628</b>

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<b>ASSETS</b>		
<b>Current assets</b>		
Financial assets designated at fair value through profit and loss	\$43,396,284	\$33,803,306
Financial assets held for trading		
Options at fair value - long	3,372	56,526
Unrealized gain on futures contracts - long	184,165	-
Unrealized gain on futures contracts - short	167,796	-
Unrealized gain on forward currency contracts	-	777
Warrants at fair value	-	148
Cash	1,348,306	2,231,446
Margin deposits	1,357,464	981,823
Accrued interest receivable	288,783	260,384
Accrued dividend receivable	5,299	13,353
Receivable for securities sold	1,411,009	155,562
Receivable for redeemable units issued	294,985	266,723
	48,457,463	37,770,047
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Financial liabilities held for trading		
Options at fair value - short	674	14,613
Unrealized loss on futures contracts - long	-	70,065
Unrealized loss on futures contracts - short	-	3,280
Unrealized loss on swap contracts	148,850	387,006
Unrealized loss on forward currency contracts	4,078	-
Payable for securities purchased	1,537,936	-
Cash collateral on swap contracts	263,519	91,178
Payable for redeemable units redeemed	52,200	193,539
Other liabilities (Note 11)	53,640	48,854
	2,060,897	808,535
Net assets attributable to holders of redeemable units	\$46,396,566	\$36,961,512
Net assets attributable to holders of redeemable units		
Series A	\$3,829,250	\$3,827,739
Series AI	\$1,007,449	\$348,277
Series AN	\$5,506,885	\$7,471,716
Series F	\$20,952,387	\$15,293,620
Series FI	\$2,166,466	\$1,894,998
Series FN	\$8,834,138	\$6,147,787
Series I	\$2,981,386	\$950,838
Series L	\$1,016,160	\$947,547
Series LI	\$5,172	\$5,051
Series U	\$76,272	\$59,006
Series G	\$19,609	\$13,528
Series M	\$1,392	\$1,405

Continued on next page.

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## Statements of Financial Position (Unaudited)

	As at June 30, 2017	As at December 31, 2016
<i>Continued from previous page.</i>		
Number of redeemable units outstanding (Note 8)		
Series A	417,633	417,810
Series AI	115,450	39,528
Series AN	545,195	758,683
Series F	2,233,118	1,638,737
Series FI	242,295	210,892
Series FN	866,316	620,805
Series I	292,150	96,477
Series L	109,974	102,475
Series LI	566	546
Series U	5,915	4,437
Series G	1,489	1,000
Series M	106	104
Net assets attributable to holders of redeemable units per unit		
Series A	\$9.17	\$9.16
Series AI	\$8.73	\$8.81
Series AN	\$10.10	\$9.85
Series F	\$9.38	\$9.33
Series FI	\$8.94	\$8.99
Series FN	\$10.20	\$9.90
Series I	\$10.20	\$9.86
Series L	\$9.24	\$9.25
Series LI	\$9.14	\$9.25
Series U USD	\$9.94	\$9.91
Series G USD	\$10.16	\$10.08
Series M USD	\$10.12	\$10.06
USD/CAD Foreign Exchange Rate	0.7711	0.7448

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Fund:

“James L. McGovern”

James L. McGovern, Director

“Robert W. Maxwell”

Robert W. Maxwell, Director

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Comprehensive Income (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$
<b>INCOME</b>		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	645,319	869,061
Dividend income	76,070	42,759
Securities lending income (net) (Note 10)	7	-
Net realized gain (loss) on investments and derivatives	663,841	304,743
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	156,853	39,013
Net gains (losses) on investments and derivatives	1,542,090	1,255,576
Other income items:		
Interest on cash	905	1,793
Foreign exchange gain (loss)	(39,783)	9,300
Net change in unrealized foreign exchange gain (loss)	(41,447)	37,064
<b>Total income (net)</b>	1,461,765	1,303,733
<b>EXPENSES</b>		
Securityholder reporting fees	92,347	88,698
Management fees (Note 11)	239,267	234,908
Interest expense	1,159	3,007
Audit fees	10,063	10,781
Legal fees	893	4,703
Independent Review Committee fees	2,715	2,300
Custodial fees	8,429	6,793
Commissions and other portfolio transaction costs (Note 11)	8,297	2,629
Commissions on Futures (Note 11)	5,007	5,745
Harmonized sales tax	23,252	24,687
Total expense before manager absorption	391,429	384,251
Less: expenses absorbed by manager (Note 11)	(72,397)	(76,658)
<b>Total expenses after manager absorption</b>	319,032	307,593
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	1,142,733	996,140
Series A	98,606	107,349
Series AI	9,068	6,185
Series AN	157,291	231,798
Series F	500,311	413,141
Series FI	59,497	35,150
Series FN	224,082	144,154
Series I	70,548	47,850
Series L	22,830	12,679
Series LI	121	218
Series U	578	(1,676)
Series G	(186)	-
Series M	(13)	(708)

Continued on next page.

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Comprehensive Income (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$
<i>Continued from previous page.</i>		
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 13)</b>		
Series A	0.23	0.23
Series AI	0.17	0.21
Series AN	0.27	0.24
Series F	0.26	0.28
Series FI	0.26	0.26
Series FN	0.28	0.25
Series I	0.25	0.40
Series L	0.22	0.14
Series LI	0.22	0.21
Series U	0.09	(0.57)
Series G	(0.14)	-
Series M	(0.12)	(0.57)

The accompanying notes are an integral part of these financial statements.



# EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	Series A	3,827,739	4,369,884
	Series AI	348,277	257,213
	Series AN	7,471,716	10,313,894
	Series F	15,293,620	11,641,816
	Series FI	1,894,998	1,112,189
	Series FN	6,147,787	6,653,587
	Series I	950,838	1,131,199
	Series L	947,547	939,352
	Series LI	5,051	9,658
	Series U	59,006	40,013
	Series G	13,528	-
	Series M	1,405	16,904
		36,961,512	36,485,709
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	Series A	98,606	107,349
	Series AI	9,068	6,185
	Series AN	157,291	231,798
	Series F	500,311	413,141
	Series FI	59,497	35,150
	Series FN	224,082	144,154
	Series I	70,548	47,850
	Series L	22,830	12,679
	Series LI	121	218
	Series U	578	(1,676)
	Series G	(186)	-
	Series M	(13)	(708)
		1,142,733	996,140
<b>Distributions to holders of redeemable units</b>			
From return of capital	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LI	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-
From net realized gains on investments and derivatives	Series A	-	-
	Series AI	-	-
	Series AN	-	-
	Series F	-	-
	Series FI	-	-
	Series FN	-	-
	Series I	-	-
	Series L	-	-
	Series LI	-	-
	Series U	-	-
	Series G	-	-
	Series M	-	-

Continued on next page.

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<i>Continued from previous page.</i>			
From net investment income	Series A	(96,241)	(107,988)
	Series AI	(15,652)	(9,198)
	Series AN	-	-
	Series F	(440,827)	(329,252)
	Series FI	(70,312)	(41,903)
	Series FN	-	-
	Series I	-	-
	Series L	(23,561)	(20,084)
	Series LI	(183)	(345)
	Series U	(2,034)	(967)
	Series G	(437)	-
	Series M	(34)	(411)
<b>Total distributions to holders of redeemable units</b>		<b>(649,281)</b>	<b>(510,148)</b>
<b>Redeemable unit transactions</b>			
Proceeds from redeemable units issued	Series A	369,615	444,367
	Series AI	821,431	83,349
	Series AN	371,093	168,820
	Series F	6,615,571	4,504,460
	Series FI	525,690	532,362
	Series FN	3,161,865	1,213,965
	Series I	3,100,000	855,000
	Series L	50,000	28,450
	Series LI	-	-
	Series U	38,830	-
	Series G	6,704	-
	Series M	-	-
Reinvestments of distributions to holders of redeemable units	Series A	38,022	47,520
	Series AI	3,881	8,716
	Series AN	-	-
	Series F	156,157	113,435
	Series FI	36,711	39,486
	Series FN	-	-
	Series I	-	-
	Series L	19,344	15,866
	Series LI	183	345
	Series U	-	-
	Series G	-	-
	Series M	34	-

*Continued on next page.*

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)  
For the periods ended June 30,

		2017 \$	2016 \$
<i>Continued from previous page.</i>			
Redemption of redeemable units	Series A	(408,491)	(618,509)
	Series AI	(159,556)	(43,215)
	Series AN	(2,493,215)	(1,200,433)
	Series F	(1,172,445)	(1,508,418)
	Series FI	(280,118)	(128,770)
	Series FN	(699,596)	(2,749,571)
	Series I	(1,140,000)	(1,465,000)
	Series L	-	(172,449)
	Series LI	-	(5,000)
	Series U	(20,108)	-
	Series G	-	-
	Series M	-	-
<b>Net increase (decrease) from redeemable unit transactions</b>		<b>8,941,602</b>	<b>164,776</b>
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>9,435,054</b>	<b>650,768</b>
	Series A	3,829,250	4,242,623
	Series AI	1,007,449	303,050
	Series AN	5,506,885	9,514,079
	Series F	20,952,387	14,835,182
	Series FI	2,166,466	1,548,514
	Series FN	8,834,138	5,262,135
	Series I	2,981,386	569,049
	Series L	1,016,160	803,814
	Series LI	5,172	4,876
	Series U	76,272	37,370
	Series G	19,609	-
	Series M	1,392	15,785
<b>Net assets attributable to holders of redeemable units at end of period</b>		<b>46,396,566</b>	<b>37,136,477</b>

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Statements of Cash Flows (Unaudited)  
For the periods ended June 30,

	2017 \$	2016 \$ (Note 3)
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	1,142,733	996,140
Adjustment for:		
Net change in unrealized foreign exchange (gain) loss on cash	(46,812)	(53,987)
Net realized (gain) loss on investments and derivatives	(663,841)	(304,743)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(156,853)	(39,013)
Purchase of investments	(82,064,910)	(39,359,473)
Proceeds on sale of investments and derivatives	72,955,870	35,581,288
Decrease (increase) in accrued interest receivable	(28,400)	99,983
Decrease (increase) in accrued dividend receivable	8,054	-
Increase (decrease) in other liabilities	4,786	(2,596)
Increase (decrease) in cash collateral on swap contracts	172,341	-
Decrease (increase) in margin deposits	(375,641)	135,879
<b>Net cash from (used in) operating activities</b>	(9,052,672)	(2,946,524)
<b>Cash flows from (used in) financing activities</b>		
Proceeds from redeemable units issued	12,537,752	7,272,854
Redemption of redeemable units	(4,020,083)	(6,988,473)
Distributions paid to holders of redeemable units, net of reinvested distributions	(394,949)	(284,780)
<b>Net cash from (used in) financing activities</b>	8,122,720	(399)
<b>Net increase (decrease) in cash</b>	(929,952)	(2,946,923)
<b>Cash at beginning of the period</b>	2,231,446	6,530,132
Net change in unrealized foreign exchange gain (loss) on cash	46,812	53,987
<b>Cash at end of the period</b>	1,348,306	3,637,197
<b>Supplemental information:</b>		
Interest received*	617,825	970,837
Interest paid*	(1,159)	(3,007)
Dividends received, net of withholding tax*	84,124	-
*Included as part of cash flows from operating activities		

The accompanying notes are an integral part of these financial statements.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Equity Positions - Long		8.0%			
Security Name	Currency		Quantity	Average Cost \$	Fair Value \$
<b>Energy</b>		<b>2.4%</b>			
Enbridge Inc. Preferred Series L	USD		36,340	904,774	1,112,638
<b>Financial</b>		<b>5.6%</b>			
Bank of Montreal Preferred Series 42	CAD		43,000	1,074,218	1,074,140
Bank of Montreal Series Preferred 40	CAD		7,000	179,515	180,250
The Bank of Nova Scotia Preferred Series 32	CAD		41,100	860,405	916,530
Canadian Imperial Bank of Commerce	CAD		18,000	450,000	450,900
				<u>2,564,138</u>	<u>2,621,820</u>
				<u>3,468,912</u>	<u>3,734,458</u>

Fixed Income Positions - Long		85.5%				
Security Name	Currency	Coupon Rate %	Maturity Date	Par Value	Average Cost \$	Fair Value \$
Ag Growth International Inc.	CAD	5.25	12-31-19	710,000	745,189	741,950
Anheuser-Busch Inbev Finance Inc.	CAD	3.38	01-25-23	2,133,000	2,260,102	2,225,508
Aon Finance N.S. 1, ULC	CAD	4.76	03-08-18	500,000	537,008	510,520
Bank of America Corporation	CAD	2.60	03-15-23	2,068,000	2,073,050	2,068,455
Bank of America Corporation	CAD	3.23	06-22-22	443,000	458,509	456,861
Bank of Montreal	CAD	3.12	09-19-24	1,500,000	1,521,585	1,530,015
Canadian Imperial Bank of Commerce	CAD	3.00	10-28-24	1,234,000	1,264,381	1,256,558
Citigroup Inc.	CAD	4.65	10-11-22	989,000	1,001,363	998,959
Cominar Real Estate Investment Trust	CAD	3.62	06-21-19	1,000,000	1,023,740	998,530
Enbridge Inc.	CAD	1.48	05-24-19	200,000	200,000	200,356
Fairfax Financial Holdings Limited	CAD	7.25	06-22-20	1,400,000	1,581,538	1,569,092
Ford Credit Canada Company	CAD	2.77	06-22-22	551,000	551,000	548,554
Ford Credit Canada Company	CAD	2.45	05-07-20	929,000	932,556	932,029
Ford Credit Canada Company	CAD	2.92	09-16-20	1,088,000	1,118,290	1,105,887
The Goldman Sachs Group, Inc.	CAD	2.43	04-26-23	2,057,000	2,059,320	2,034,784
Government of Canada	CAD	2.75	06-01-22	592,000	636,859	629,681
Government of Canada	CAD	0.50	03-01-22	449,000	433,644	431,265
JPMorgan Chase & Co.	CAD	1.98	02-22-21	1,059,000	1,059,067	1,062,177
Kraft Canada Inc.	CAD	2.70	07-06-20	958,000	972,456	972,993
Medavie Inc.	CAD	6.00	05-21-24	220,000	221,122	220,319
Morgan Stanley	USD	2.37	01-20-22	1,880,000	2,454,810	2,463,629
Morgan Stanley	CAD	3.00	02-07-24	1,500,000	1,516,545	1,509,495
Navient Corporation	USD	7.25	09-25-23	1,000,000	1,316,661	1,403,786
Northgroup Preferred Capital Corporation	USD	6.38	01-29-49	2,119,000	2,780,858	2,727,310
Postmedia Network Inc.	CAD	8.25	07-15-21	195,090	201,430	167,777
The Royal Bank Of Scotland Group Public	CAD	6.67	12-31-49	1,640,000	1,797,189	1,841,638
Shaw Communications Inc.	CAD	5.50	12-07-20	1,758,000	1,961,058	1,947,829
Shaw Communications Inc.	CAD	5.65	10-01-19	918,000	1,016,226	991,798
TransCanada Trust	CAD	4.65	05-18-77	1,641,000	1,645,324	1,649,468
Videotron Ltd.	CAD	5.63	06-15-25	1,000,000	1,066,250	1,085,000
Wells Fargo & Company	USD	2.14	02-11-22	1,000,000	1,342,760	1,308,448
WTH Car Rental, ULC	CAD	1.91	07-20-20	1,000,000	1,000,000	989,340
Yellow Pages Digital & Media Solutions	CAD	9.25	11-30-18	1,076,433	1,136,050	1,081,815
					<u>39,885,940</u>	<u>39,661,826</u>

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Futures Contracts - Long		0.4%				Unrealized
Security Name	Currency	Contracts	Contract Size	Expiry Date	Notional Value	Gain / Loss \$
90DAY BANK ACCEPT FUTURE (MSE)	CAD	44	2,500	12-18-17	14,512,525	(14,850)
90DAY EURODOLLAR FUTURE (CME)	USD	44	2,500	09-18-17	14,989,225	(2,853)
CANADIAN DOLLAR FUTURES (CME)	USD	106	1,000	09-19-17	1,622,040	201,868
						<u>184,165</u>

Futures Contracts - Short		0.4%				Unrealized
Security Name	Currency	Contracts	Contract Size	Expiry Date	Notional Value	Gain / Loss \$
90DAY BANK ACCEPT FUTURE (MSE)	CAD	(44)	2,500	12-17-18	14,551,613	18,700
90DAY EURODOLLAR FUTURE (CME)	USD	(44)	2,500	09-17-18	15,043,363	7,846
CAN 5YR BOND FUTURE (MSE)	CAD	(13)	1,000	09-20-17	7,082,380	18,330
CANADA 10YR BOND FUTURE (MSE)	CAD	(28)	1,000	09-20-17	2,389,350	122,920
						<u>167,796</u>

Option Positions - Long		0.0%				Average Cost	Fair Value
Security Name	Currency	Strike Price	Expiry Date	Contracts	Average Cost	Fair Value	
		\$			\$	\$	
S&P 500 INDEX SPX	USD	2,275.00	07-22-17	13	33,506	3,372	

Option Positions - Short		(0.0%)				Proceeds	Fair Value
Security Name	Currency	Strike Price	Expiry Date	Contracts	Proceeds	Fair Value	
		\$			\$	\$	
S&P 500 INDEX SPX	USD	2025.00	07-22-17	(13)	(7,048)	(674)	

Swap Positions		(0.3%)				Notional	Proceeds	Unrealized
Security Name	Currency				Value	\$	Gain / (Loss) \$	
CDS EMB R 1%	USD	Credit Default Swap			1,000,000	(15,990)	(2,061)	
CDS: (CDX NA HY 26.5Y)	USD	Credit Default Swap Index			2,772,000	(79,839)	(281,608)	
IRS R CDOR3M P 1.075	CAD	Interest Rate			1,250,000	-	9,835	
IRS R CDOR3M P 1.3225	CAD	Interest Rate			6,200,000	-	87,523	
IRS R CDOR3M P 1.3925	CAD	Interest Rate			2,250,000	-	37,461	
						<u>(95,829)</u>	<u>(148,850)</u>	

Forward Currency Contracts		(0.0%)				Counterparty	Credit	Fair Value
Currency Purchased	Notional Value	Currency Sold	Notional Value	Contract Rate	Maturity Date		Rating	\$
USD	59,000	CAD	(79,714)	0.74	07-06-17	BNY Mellon	A1	(3,205)
USD	1,075	CAD	(1,452)	0.74	07-06-17	BNY Mellon	A1	(58)
USD	15,000	CAD	(20,266)	0.74	07-06-17	BNY Mellon	A1	(815)
								<u>(4,078)</u>

# EXEMPLAR TACTICAL CORPORATE BOND FUND

Schedule of Investment Portfolio – As at June 30, 2017 (Unaudited)

Investment Portfolio Summary	%	Average	Fair Value
		Cost / (Proceeds)	
		\$	\$
Equity Positions - Long	8.0	3,468,912	3,734,458
Fixed Income Positions - Long	85.5	39,885,940	39,661,826
Futures Contracts - Long	0.4	-	184,165
Futures Contracts - Short	0.4	-	167,796
Option Positions - Long	0.0	33,506	3,372
Options Positions - Short	(0.0)	(7,048)	(674)
Swap Positions	(0.3)	(95,829)	(148,850)
Forward Currency Contracts	(0.0)	-	(4,078)
Total Investments	94.0	43,285,481	43,598,015
Total Other Net Assets	6.0	-	2,798,551
Total Net Assets	100.0	43,285,481	46,396,566

\*Denotes all or part of securities on loan

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The investment objective of the Exemplar Tactical Corporate Bond Fund is to generate income and capital appreciation by primarily investing in a diversified portfolio of corporate bonds.

### RISK MANAGEMENT

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity, options, interest rate swaps, credit default swaps and debt securities is limited to the fair value of those positions. The maximum loss on equities, options and debt sold short can be unlimited and the maximum loss on futures contracts is the notional contract value of those positions.

The management of these risks is carried out by the Manager and Portfolio Sub-Advisor in accordance with the Fund's Declaration of Trust.

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn can also increase the potential returns the Fund can achieve. The Portfolio Sub-Advisor uses leverage against assets with satisfactory liquidity characteristics in order to increase return on capital subject to market conditions.

A general discussion of financial risk management for the Exemplar Funds appears as Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

### Credit Risk

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2017 and December 31, 2016.

Credit Rating*	Percentage of total debt securities	
	As at June 30, 2017 %	As at December 31, 2016 %
AAA	2.7	-
AA	3.4	4.5
A	-	19.9
BBB	75.2	30.2
Below BBB	11.2	38.2
Not Rated	7.5	7.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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

The Fund is exposed to counterparty credit risk on swaps and futures contracts. The counterparties to the Fund's swaps are Bank of America and JP Morgan Chase & Co. which have credit ratings as rated by Moody's bond rating services of Baa1 and A3, respectively (2016: Baa1 and A3, respectively). Futures contracts are exchange traded. Cash collateral has been provided to Bank of America in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statement of Financial Position.

The Fund is exposed to counterparty credit risk on cash and other receivable balances. The Fund's broker and custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (2016: A1).

The Fund is also exposed to credit risk on cash deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa2 (2016: Aa1).

The Fund may participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, excluding the collateral held in respect to such loans, and is exposed to counterparty risk on all such loans, if any. The credit risk related to the securities lending program is limited as the Fund holds a minimum collateral equal to 102% of the fair value of the loaned securities. The collateral and loaned securities are marked to market on each valuation date.

There are risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore,



# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

### Liquidity Risk

All of the Fund's liabilities are typically due in less than 3 months. Redeemable units are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for a longer period.

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2017, the minimum margin borrowings used was \$627,799 and the maximum margin borrowings used was \$1,093,704 (December 31, 2016: min: \$59,397, max: \$1,348,590).

### Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

#### (a) Currency Risk

The table below indicates the Fund's exposure to USD as at June 30, 2017 and December 31, 2016 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to USD, with all other variables held constant. Monetary items include bonds, futures, swaps, cash and other current receivables and payables. Non-monetary items include equities, funds, warrants and options.

June 30, 2017	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	10,022,377	1,116,010	11,138,387	1,002,238	111,601	1,113,839
United States Dollar - Short	(261,950)	(674)	(262,624)	(26,195)	(67)	(26,262)
Total	9,760,427	1,115,336	10,875,763	976,043	111,534	1,087,577
Redeemable units issued in USD			(97,273)			(9,727)
Net exposure to foreign currencies			10,778,490			1,077,850
% of net assets attributable to holders of redeemable units	21.0%	2.4%	23.4%	2.1%	0.2%	2.3%
% of net assets attributable to units issued in USD			(0.2%)			(0.0%)
% of net assets exposed to foreign currencies			23.2%			2.3%

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

December 31, 2016	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary \$	Non-Monetary \$	Total \$	Monetary \$	Non-Monetary \$	Total \$
Currency						
United States Dollar - Long	9,211,532	1,141,832	10,353,364	921,153	114,183	1,035,336
United States Dollar - Short	(98,967)	(13,695)	(112,662)	(9,897)	(1,370)	(11,267)
<b>Total</b>	<b>9,112,565</b>	<b>1,128,137</b>	<b>10,240,702</b>	<b>911,256</b>	<b>112,813</b>	<b>1,024,069</b>
Redeemable units issued in			(73,939)			(7,394)
Net exposure to foreign			10,166,763			1,016,675
% of net assets attributable to holders of redeemable units	24.7%	3.1%	27.7%	2.5%	0.3%	2.8%
% of net assets attributable to units issued in USD			(0.2%)			(0.0%)
% of net assets exposed to foreign currencies			27.5%			2.8%

### (b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2017 and December 31, 2016. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to Maturity	Total Exposure	
	June 30, 2017	December 31, 2016
Less than 1 year	\$ -	\$ 1,526,325
1-3 years	7,067,054	10,195,482
3-5 years	10,735,029	5,757,926
Greater than 5 years	21,859,743	9,139,073
<b>Total</b>	<b>\$ 39,661,826</b>	<b>\$ 26,618,806</b>
Sensitivity:		
Total \$ sensitivity to net assets attributable to holders of redeemable units	+/- \$ 2,343,059	+/- \$ 1,391,403
Total % sensitivity to net assets attributable to holders of redeemable units	5.1%	3.8%

### (c) Price Risk

The Fund's policy is to manage price risk through pursuit of a diversified investment program that focuses on fixed income securities while utilizing other assets such as options and credit default swaps, to extract relative value and to manage credit exposure.

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold, not yet purchased, at prices which may be significantly higher than the fair value reflected on the financial statements.

As at June 30, 2017, if the Fund's relevant benchmark index, FTSE TMX Canada All Corporate Bond Index, had increased or decreased by 5%, with all other variables held constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by \$556,759 (December 31, 2016: \$425,057).

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

The following is a summary of the Fund's concentration risk as of June 30, 2017 and 2016:

Market Segment	June 30, 2017 \$	December 31, 2016 \$
Corporate Bonds	83.2	72.0
Energy	2.4	6.6
Financials	5.6	7.2
Federal Bonds	2.3	-
Funds	-	5.5
Derivatives	0.5	(1.0)
<b>Total</b>	<b>94.0</b>	<b>90.3</b>

### FAIR VALUE MEASUREMENT

A general discussion of fair value measurement for the Exemplar Funds appears as Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2017 and December 31, 2016:

June 30, 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Equities	3,734,458	-	-	3,734,458
Fixed Income	-	39,661,826	-	39,661,826
Derivatives	373,036	134,819	-	507,855
<b>Total</b>	<b>4,107,494</b>	<b>39,796,645</b>	<b>-</b>	<b>43,904,139</b>
<b>Financial liabilities</b>				
Derivatives	(18,377)	(287,747)	-	(306,124)
<b>Total</b>	<b>(18,377)</b>	<b>(287,747)</b>	<b>-</b>	<b>(306,124)</b>

December 31, 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>				
Equities	5,151,500	-	-	5,151,500
Fixed income	-	26,618,806	-	26,618,806
Derivatives	56,526	925	-	57,451
<b>Total</b>	<b>7,241,026</b>	<b>26,619,731</b>	<b>-</b>	<b>33,860,757</b>
<b>Financial liabilities</b>				
Derivatives	(87,958)	(387,006)	-	(474,964)
<b>Total</b>	<b>(87,958)</b>	<b>(387,006)</b>	<b>-</b>	<b>(474,964)</b>

All fair value measurements above are recurring. The carrying values of all of the Fund's financial instruments not carried at FVTPL approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Manager obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the Manager. In addition, at each financial reporting date, the Manager reviews and approves all Level 3 fair value measurements, if applicable.

# EXEMPLAR TACTICAL CORPORATE BOND FUND

## NOTES TO THE FINANCIAL STATEMENTS – FUND SPECIFIC INFORMATION

For the period ended June 30, 2017 (Unaudited)

### a) Equities

The Fund's equity positions are all classified as Level 1 as each security is actively traded on a recognized exchange and a quoted price is available.

### b) Bonds

The Fund's bond holdings are comprised of Canadian and US corporate and federal bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

### c) Derivatives

Derivative assets and liabilities consist of warrants, options, futures contracts, credit default swaps and foreign currency contracts. Warrants are valued using models and valuation techniques commonly used in the industry, including inputs such as underlying stock price, restrictions on exercise and days to expiry. When the inputs that are significant to valuation are generally observable, the warrant is classified as Level 2. Warrants that have significant unobservable inputs are classified as Level 3. Futures contracts and options are exchange traded and are classified as Level 1 as they are actively traded on a recognized exchange and a quoted price is available. Credit default swaps are valued based upon quotations from independent security pricing sources. The inputs that are significant to valuation are generally observable and therefore credit default swaps have been classified as Level 2. Forward currency contracts are valued based primarily on the contract notional amount and the difference between the contract rate and the forward market rate for the same currency, adjusted for counterparty risk. Forward currency contracts are classified as Level 2.

As at June 30, 2017 and December 31, 2016, the Fund did not hold any Level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ending June 30, 2017 and December 31, 2016.

### Financial Instruments by Category

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the periods ended June 30, 2017 and 2016.

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Security Lending Expense	Total
June 30, 2017	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets at FVTPL:								
Designated as FVTPL	868,086	(378,982)	744,061	-	76,070	-	7	1,309,242
HFT	16,843	(34,213)	(98,742)	-	-	-	-	(116,112)
	884,929	(413,195)	645,319	-	76,070	-	7	1,193,130
Financial liabilities at FVTPL:								
HFT	(221,088)	570,048	-	-	-	-	-	348,960
Total	663,841	156,853	645,319	-	76,070	-	7	1,542,090

	Net realized gains / (losses)	Net change in unrealized gains / (losses)	Interest income	Interest expense	Dividend income	Dividend expense	Total
June 30, 2016	\$	\$	\$	\$	\$	\$	\$
Financial asset at FVTPL:							
Designated as FVTPL	(232,622)	188,413	869,061	-	42,759	-	867,611
Financial liabilities at FVTPL:							
HFT	537,365	(149,400)	-	-	-	-	387,965
Total	304,743	39,013	869,061	-	42,759	-	1,255,576

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### 1. THE FUNDS

Exemplar Growth and Income Fund, Exemplar Investment Grade Fund, Exemplar Leaders Fund, Exemplar Performance Fund, and Exemplar Tactical Corporate Bond Fund (collectively the “Funds” and each a Fund) are open-ended mutual fund trusts created under the laws of the Province of Ontario pursuant to a declaration of trust (the “Declaration of Trust”) dated August 27, 2007, as last amended and restated on March 16, 2016.

Arrow Capital Management Inc. (“Arrow”) is the manager (“Manager”) of the Funds. The address of the Funds’ registered office is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

East Coast Fund Management Inc. is the portfolio sub-advisor “Portfolio Sub-advisor” of the Exemplar Investment Grade Fund and Exemplar Tactical Corporate Bond Fund.

The financial statements for Exemplar Investment Grade Fund, Exemplar Leaders Fund, Exemplar Performance Fund, and Exemplar Tactical Corporate Bond Fund are as at June 30, 2017 and December 31, 2016 and for the periods ended June 30, 2017 and 2016.

The financial statements are as at June 30, 2017 and December 31, 2016 and for the periods ended June 30, 2017 and 2016.

#### Fund Merger

Effective February 28, 2017, after receiving unitholder and regulatory approval, Exemplar U.S. High Yield Fund (the “Terminating Fund”) merged into Exemplar Growth and Income Fund (the “Continuing Fund”). Unitholders of the Terminating Fund received units of the Continuing Fund in exchange for their units of the Terminating Fund on a tax-deferred basis.

Details relating to the merger are as follows:

	Net Assets acquired by the Continuing Fund	Units issued by the Continuing Fund	Conversion Ratios (Terminating Fund)			
			Series A	Series F	Series FN	Series I
Series A	5,213,286	494,429	1.1111	-	-	-
Series F	1,120,283	107,457	-	0.9686	-	-
Series FN	212,116	19,777	-	-	0.9850	-
Series I	2,392,455	231,240	-	-	-	1.0288

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

These financial statements were authorized for issue by the Manager on August 29, 2017.

#### b) Financial Instruments

The Funds recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit and loss (“FVTPL”). Regular way purchases and sales of financial assets are recognized at their trade date. The Funds’ long equity positions are designated at FVTPL. The Funds’ short investment positions, warrants, futures contracts, swaps and options, if applicable, are classified as held for trading (“HFT”) and are measured at FVTPL. The Funds’ obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract’s effective interest rate. The Funds’ accounting policies for measuring the fair value of its investments and derivatives are the

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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same as those used in measuring its net asset value ("NAV") for transactions with unitholders. There were no differences between the net assets attributable to holders of redeemable units used for reporting purposes under IFRS and that used for transactions with unitholders as at June 30, 2017 or December 31, 2016.

Realized gains and losses on sale of investments and unrealized appreciation or depreciation in investments are determined on an average cost basis. Realized gains and losses on securities sold short and unrealized appreciation or depreciation on securities sold short are calculated with reference to the average proceeds of the related securities. Average cost does not include amortization of premiums or discounts on fixed income securities.

Interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by a Fund accounted for on an accrual basis. The Funds do not amortize premiums or discounts received on the purchase of fixed income securities.

Dividend income and expense is recognized in the Statements of Comprehensive Income on the ex-dividend date.

Securities lending income is recognized on an accrual basis.

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

Securities lending transactions are subject to master netting arrangements and the related offsetting disclosure is presented in Note 10.

### **c) Financial Instruments - Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for securities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of bonds is determined using mid-market pricing derived from bid and ask prices provided by independent security pricing services or recognized investment dealers. The fair value of futures contracts is based on the settlement price assigned by the exchange. Gains and losses arising from changes in the fair value of financial assets or liabilities are presented in the Statements of Comprehensive Income. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels at the beginning of each period.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds may use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other commonly used methods by market participants which make the maximum use of observable inputs.

### **d) Impairment of Financial Assets**

At each reporting date, each Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of future cash flows discounted using the asset's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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**e) Foreign Currency Translation**

The Funds' functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as 'Foreign exchange gain (loss)' and those relating to investments and derivatives are presented within 'Net realized gain (loss) on investments and derivatives' and 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statement of Comprehensive Income.

**f) Cash**

Cash is comprised of deposits with financial institutions.

**g) Margin Deposits**

Cash collateral provided by each Fund to brokers for securities sold short and counterparties to derivative transactions is identified in that Fund's Statements of Financial Position as 'Margin Deposits'.

**h) Margin Loan**

Margin loan represents cash amounts borrowed under a margin agreement with a Fund's broker and is payable upon demand (if applicable).

**i) Forward Currency Contracts**

The Funds may enter into forward currency contracts for purposes of minimizing currency exposure or to establish an exposure to a particular currency. The value of forward currency contracts entered into by a Fund is recorded as the difference between the contract rate and the current forward rates at the measurement date, applied to the contract's notional amount and adjusted for counterparty risk. The change in the fair value of forward currency contracts is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

**j) Options**

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. When a Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When a Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. Options held by a Fund are exchange-traded. Subsequent to initial recognition, changes in fair value, the difference between the premium paid or received, and fair value, are presented in 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the Statements of Comprehensive Income within 'Net realized gain (loss) on investments and derivatives'.

**k) Futures Contracts**

The Funds may purchase or sell exchange traded futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price established in an organized market. Subsequent to initial recognition, changes in fair value are presented in 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. When futures contracts are closed out, the gain or loss is presented in the Statements of Comprehensive Income within 'Net realized gain (loss) on investments and derivatives'.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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### **l) Credit Default Swap Contracts**

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The Fund as a seller of protection would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third party. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations.

The Fund as a buyer of protection would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third party. In return, the Fund would be required to pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs.

Premiums received or paid for entering into a credit default swap are included in the Statement of Financial Position as either an asset or liability. Credit default swap contracts are fair valued on each valuation day based upon quotations from independent security pricing sources. The change in the difference between the premium and the fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing or expiry of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

### **m) Interest Rate Swap Contracts**

An interest swap contract is a contractual agreement entered into between the Fund and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The net differential paid or received is recognized over the life of the agreement as a realized gain or loss on investments. Interest rate swap contracts are fair valued on each valuation day using indicative bid/ask prices from third party broker dealers. The change in fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing or expiry of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

### **n) Commissions and Other Portfolio Transaction Costs**

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers. Such costs are expensed when incurred.

### **o) Income and Expense Allocation**

The net assets of each series of each Fund are computed by calculating the value of that series' proportionate share of that Fund's assets less that series' proportionate share of that Fund's common liabilities less series specific liabilities, if any. Expenses directly attributable to a series are charged to that series. Other income, expenses and gains/losses are allocated based on a reasonable allocation methodology which will include allocations based on the assets of the Funds or the number of unitholders in the Funds or other methodology the Manager determines is fair.

### **p) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit**

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to the series divided by the weighted average number of redeemable units outstanding in that series during the period. Refer to Note 13 for the calculation.

### **q) Classification of Redeemable Units**

The Funds' redeemable units contain multiple contractual obligations and multiple series of units have been issued which do not have identical features. Consequently, the units do not meet the conditions in IAS 32 to be classified as equity. As a result, the Funds' obligations for net assets attributable to holders of redeemable units are presented at the redemption amounts.



# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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### r) Investments in Structured Entities

The Funds may invest in underlying investment vehicles ("Structured Entities") that are managed by their respective Investment Advisors and whose investment objectives may range from achieving short-term to long-term income and capital growth. Structured Entities may use leverage in a manner consistent with their respective objectives and as permitted by their respective governing regulatory authorities. Structured Entities finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportionate stake in the respective fund's net assets. The Funds' interest in Structured Entities as at June 30, 2017 and 2016, held the form of redeemable units, which are included at their fair value in the Statements of Financial Position which represents the Funds' maximum exposure in these Structured Entities. Refer to Note 7. The Funds do not provide, and have not committed to provide, any additional significant financial or other support to the Structured Entities. The change in fair value of each of the Structured Entities during the periods is included in 'Change in unrealized appreciation (depreciation) of value of investments and derivatives' and 'Net gains (losses) on investments and derivatives' in the Statements of Comprehensive Income.

### s) Securities Lending

The Funds may enter into securities lending arrangements. These transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities at a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in "Securities lending income (net)" in the Statements of Comprehensive Income.

### 3. REVISION OF COMPARATIVE FIGURES

Certain comparative figures in the Statements of Cash Flows have been reclassified or adjusted to appropriately reflect the following non-cash items.

For the period ended June 30, 2016, amounts related to the "Proceeds from redeemable shares issued" and "Redemption of redeemable shares" have been adjusted to exclude non-cash subscriptions and redemptions arising from switches between series within the Funds. There is no net impact on cash flows from financing activities within the Funds.

Fund	2016 Revision
	Amounts excluded from "Proceeds from redeemable units issued" and "Redemption of redeemable units"
Exemplar Growth and Income Fund	15,230
Exemplar Investment Grade Fund	529,327
Exemplar Tactical Corporate Bond Fund	570,657
Exemplar Leaders Fund	96,155
Exemplar Performance Fund	347,478

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### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Manager has made in preparing the financial statements:

#### Use of Estimates

##### *Fair Value measurement of derivatives and securities not quoted in an active market*

The Funds may hold financial instruments that are not quoted in active markets, including derivatives. Fair value of such instruments is determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, a Fund may value positions using its own models, which are usually based on valuation methods

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Funds consider observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 6 for further information about the fair value measurement of the Fund's financial instruments.

As at June 30, 2017, the investments in the Underlying Funds represented 16.7% (15.4% Exemplar Tactical Corporate Bond Fund – Series I, and 1.3% East Coast Investment Grade Income Fund) (December 31, 2016: 44.5% (18.9% Exemplar Performance Fund – Series I, 7.3% Exemplar Tactical Corporate Bond Fund – Series I, and 18.3% Exemplar U.S. High Yield Fund – Series I) of net assets attributable to holders of redeemable units of Exemplar Growth and Income Fund. The fair values of the Underlying Funds are determined primarily by reference to the latest available net asset value per unit of the Underlying Funds' units as reported by the respective administrators of the Underlying Funds. The Fund may make adjustments to the values based on considerations such as; liquidity of the Underlying Funds or their underlying investments, the value date of the net asset values provided, any restrictions on redemptions and the basis of accounting. Redemptions can only be made on the redemption dates and subject to the required notice periods specified in the respective offering documents. As a result, the carrying values of the Underlying Funds may not be indicative of the values ultimately realized on redemption. Series I unitholders of the Underlying Funds have the right to redeem any or all of their Series I shares effective each business day of each month.

Refer to Note 6 for further information about the fair value measurement of the Fund's financial instruments and to Note 7 for further information about the Fund's Structured Entities.

### **Use of Judgments**

#### *Classification and Measurement of Investments and Application of the Fair Value Option*

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, *Financial Instruments - Recognition and Measurement* (IAS 39). The most significant judgments made include the determination that certain investments are held-for-trading and that the fair value option can be applied to those which are not.

#### *Assessment as Investment Entity*

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. Each Fund meets the definition of investment entity as it obtains funds from one or more investors for the purpose of providing those investors with professional investment management services and commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Each Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

#### *Determination if Underlying Funds Meet the Structured Entity Definition*

The Funds have concluded that their investments in the Underlying Funds are investments in unconsolidated structured entities. This represents a significant judgment by the Funds that is based generally on the fact that the decision making about the Underlying Funds investing activities is not governed by voting rights held by the Funds and other investors.

## **5. FINANCIAL INSTRUMENTS – RISK MANAGEMENT**

In the normal course of business, each Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). Please refer to Notes to the Financial Statements – Fund Specific Information for each Fund's specific risk disclosure.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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### **Credit Risk**

The Funds may be exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Where a Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The Funds are also exposed to counterparty credit risk on cash, margin deposits and other receivable balances. The Funds may also participate in securities lending and: therefore, be exposed to counterparty risk on all such loans, if any.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing a Fund's rights to its assets in the case of an insolvency of any such party.

### **Liquidity Risk**

Liquidity risk is the risk that a Fund will encounter difficulty in meeting obligations associated with financial liabilities. Each Fund is exposed to daily cash redemptions and as such, retains sufficient cash to fund anticipated redemptions. Each Fund aims to retain sufficient cash to maintain adequate liquidity including coverage of obligations related to short sales (if applicable) and all current liabilities. In addition, each Fund generally invests in securities that are highly liquid and where there is an observable market price that is quoted by multiple dealers.

### **Market Risk**

The Funds' investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### **a) Currency Risk**

The Funds invest in financial instruments and enter into transactions that are denominated in currencies other than the Canadian dollar. Consequently, the Funds are exposed to currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Funds may enter into foreign exchange currency contracts to reduce their foreign currency exposure.

#### **b) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A Fund may hold securities with fixed interest rates that expose that Fund to fair value interest rate risk.

#### **c) Price Risk**

The Funds are exposed to price risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Funds' investments are subject to the risk of changes in the prices of equity securities, bonds and derivatives.

### **Concentration Risk**

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

### **Capital Risk Management**

Units issued and outstanding are considered to be the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit of a Fund for all or any of the units of such unitholder by giving written notice to the Manager. The written notice is irrevocable and must be received no later than 4:00 p.m., EST, on the valuation day upon which the units are to be

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

redeemed (a "Redemption Date"). The redeeming unitholder will receive payment in respect of any units surrendered for redemption on or before the 3rd business day immediately following a Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances.

### 6. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

Each Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Please refer to Notes to the Financial Statements – Fund Specific Information for each Fund's specific risk disclosure.

The three levels of the fair value hierarchy are:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that a Fund can access at the measurement date,

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and

**Level 3:** Inputs that are unobservable for the asset or liability.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

The Funds may participate in securities lending and; therefore, receive collateral categorized as Level 1 or 2 as defined above. Such collateral is not considered significant to the financial instrument hierarchy of the securities owned by the Funds.

### 7. INVESTMENT IN STRUCTURED ENTITIES

Information related to investments in Structured Entities is as follows:

#### Exemplar Growth and Income Fund – June 30, 2017

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
Boyd Group Income Fund	173,070	0.9	0.0
Crius Energy Trust	237,510	1.2	0.0
East Coast Investment Grade Income Fund	252,709	1.3	0.4
Exemplar Tactical Corporate Bond Fund Series I	2,981,381	15.4	6.4
Health Care Select Sector SPDR	544,620	2.8	0.0
iShares 20+ Year Treasury Bond	162,256	0.8	0.0
iShares S&P/TSX Global Gold Index ETF	243,200	1.3	0.0

#### Exemplar Growth and Income Fund – December 31, 2016

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
A&W Revenue Royalties Income Fund	37,170	0.3	0.0
Exemplar Performance Fund - Class I	2,458,746	18.9	6.1
Exemplar Tactical Corporate Bond Fund - Class I	950,792	7.3	2.6
Exemplar US High Yield Fund - Class I	2,382,137	18.3	21.7

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Investment Grade Fund – June 30, 2017

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
n/a	n/a	n/a	n/a

### Exemplar Investment Grade Fund – December 31, 2016

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
BMO Laddered Preferred Share Index ETF	1,701,300	2.7	0.1

### Exemplar Leaders Fund – June 30, 2017

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
Boyd Group Income Fund	971,115	2.6	0.1
Crius Energy Trust	667,265	1.8	0.1
Noranda Income Fund	70,308	0.2	0.1

### Exemplar Leaders Fund – December 31, 2016

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
Boyd Group Income Fund	881,268	2.4	0.1
Noranda Income Fund	223,958	0.6	0.2

### Exemplar Performance Fund – June 30, 2017

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
Boyd Group Income Fund	1,403,790	3.5	0.1
Crius Energy Trust	97,478	2.0	0.0
PureFunds ISE Cyber Security ETF	7,786	0.0	0.0
SPDR Gold Shares	122,439	0.3	0.0
Technology Select Sector SPDR	156,114	0.4	0.0
Vanguard FTSE Europe ETF	85,807	0.2	0.0

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Performance Fund – December 31, 2016

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
A&W Revenue Royalties Income Fund	538,965	1.3	0.1
BMO S&P/TSX Equal Weight Banks Index ETF	161,100	0.4	0.0
Boyd Group Income Fund	1,129,392	2.8	0.1
iShare Russell 2000 ETF	307,796	0.8	0.0
iShares S&P/TSX 60 Index ETF	489,024	1.2	0.0
iShares S&P/TSX Capped Energy Index ETF	440,228	1.1	0.0
iShares S&P/TSX Capped REIT Index ETF	60,800	0.2	0.0
iShares U.S. Broker-Dealers & Sec. Exchanges ETF	44,046	0.1	0.0
PowerShares DB US Dollar Index Bullish Fund	138,553	0.3	0.0
SPDR S&P Oil & Gas Exploration & Production ETF	111,225	0.3	0.0
VanEck Vectors Russia ETF	148,153	0.4	0.0

### Exemplar Tactical Corporate Bond Fund – June 30, 2017

	Fair Value of Fund's Investment in Underlying Fund	Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
n/a	n/a	n/a	n/a

### Exemplar Tactical Corporate Bond Fund – December 31, 2016

	Fair Value of Investment in Fund	Fund's Net Assets Attributable to Holders of Redeemable Units	Ownership of Underlying Fund
	\$	%	%
BMO Laddered Preferred Share Index ETF	2,033,000	5.5	0.1

## 8. REDEEMABLE UNITS

During the periods ended June 30, 2017 and 2016, the number of units issued, redeemed and outstanding was as follows:at

### Exemplar Growth and Income Fund - for the period ended June 30, 2017

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	369,276	558,142	14,122	(221,466)	720,074
Series AN	168,085	39,940	2,067	(76,502)	133,590
Series F	88,998	128,290	3,754	(51,337)	169,705
Series FN	489,600	202,974	9,262	(34,637)	667,199
Series I	90,330	-	3,208	(402)	93,136
Series L	26,060	9,666	512	-	36,238
Series LN	10,852	9,412	191	0	20,455

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Growth and Income Fund - for the period ended June 30, 2016

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	380,417	14,516	4,681	(36,522)	363,092
Series AN	38,453	44,866	-	(3,843)	79,476
Series F	118,491	46,134	2,136	(21,668)	145,093
Series FN	314,537	108,866	-	(16,276)	407,127
Series I	84,458	-	1,264	(381)	85,341
Series L	8,642	14,975	168	-	23,785
Series LN	5,062	5,312	-	(1,004)	9,370

### Exemplar Investment Grade Fund - for the period ended June 30, 2017

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	1,459,186	1,283,217	22,568	(281,852)	2,483,119
Series AI	274,643	127,609	2,490	(22,791)	381,951
Series AN	314,815	200,234	-	(66,992)	448,057
Series F	3,554,196	3,965,106	31,849	(663,999)	6,887,152
Series FI	436,032	110,629	2,542	(52,313)	496,890
Series FN	311,722	538,911	-	(46,781)	803,852
Series I	506	-	-	-	506
Series G	4,176	124,541	213	-	128,930

### Exemplar Investment Grade Fund - for the period ended June 30, 2016

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	1,526,674	205,017	14,794	(220,820)	1,525,665
Series AI	197,676	23,827	1,399	(14,387)	208,515
Series AN	205,057	92,376	-	(35,975)	261,458
Series F	3,627,975	641,300	24,094	(1,468,100)	2,825,269
Series FI	251,235	150,820	1,938	(72,081)	331,912
Series FN	147,719	57,492	-	(10,006)	195,205
Series I	-	50,491	-	(50,000)	491
Series G	4,691	-	46	-	4,737

### Exemplar Leaders Fund - for the period ended June 30, 2017

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	680,983	22,458	-	(47,299)	656,142
Series F	234,046	10,028	-	(11,222)	232,852

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Leaders Fund - for the period ended June 30, 2016

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	738,188	13,157	-	(67,908)	683,437
Series F	223,338	8,207	-	(7,844)	223,701

### Exemplar Performance Fund - for the period ended June 30, 2017

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units outstanding at beginning of period
Series A	1,032,860	105,050	-	(197,319)	940,591
Series AD	25,946	2,135	226	(1,129)	27,178
Series F	1,591,950	392,707	-	(266,183)	1,718,474
Series FD	39,436	7,246	86	(1,558)	45,210
Series I	227,887	461	-	(227,887)	461
Series L	459,491	8,375	-	(15,741)	452,125
Series LD	9,179	22,869	310	-	32,358

### Exemplar Performance Fund - for the period ended June 30, 2016

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units outstanding at beginning of period
Series A	657,788	398,881	-	(63,390)	993,279
Series AD	23,041	4,913	237	(2,273)	25,918
Series F	919,575	476,832	-	(79,690)	1,316,717
Series FD	33,506	5,236	125	(3,468)	35,399
Series I	474,210	24,612	-	(277,625)	221,197
Series L	272,741	158,826	-	(14)	431,553
Series LD	10,010	-	104	(1,026)	9,088

### Exemplar Tactical Corporate Bond Fund - for the period ended June 30, 2017

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	417,810	39,988	4,132	(44,297)	417,633
Series AI	39,528	93,612	441	(18,131)	115,450
Series AN	758,683	36,951	-	(250,439)	545,195
Series F	1,638,737	702,396	16,622	(124,637)	2,233,118
Series FI	210,892	58,342	4,083	(31,022)	242,295
Series FN	620,805	314,634	-	(69,123)	866,316
Series I	96,477	307,741	-	(112,068)	292,150
Series L	102,475	5,415	2,084	-	109,974
Series LI	546	-	20	-	566
Series U	4,437	2,975	-	(1,497)	5,915
Series G	1,000	489	-	-	1,489
Series M	104	-	2	-	106



# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Tactical Corporate Bond Fund - for the period ended June 30, 2016

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
Series A	478,057	49,263	5,252	(68,252)	464,320
Series AI	28,942	9,410	997	(4,885)	34,464
Series AN	1,048,750	16,927	-	(121,738)	943,939
Series F	1,257,444	490,005	12,330	(163,724)	1,596,055
Series FI	123,815	59,547	4,457	(14,355)	173,464
Series FN	671,979	122,227	-	(277,709)	516,497
Series I	115,268	86,797	-	(146,020)	56,045
Series L	102,488	3,097	1,749	(19,472)	87,862
Series LI	1,031	-	37	(541)	527
Series U	2,940	-	-	-	2,940
Series M	1,250	-	-	-	1,250

### 9. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the Funds enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position, but still allow for the related amounts to set off in certain circumstances, such as bankruptcy or termination of the contracts. The following tables show financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2017 and December 31, 2016. The "Net Amount" column displays what the net impact would be on the Fund's Statements of Financial Position if all amounts were set off.

#### Exemplar Growth and Income Fund - June 30, 2017

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Collateral	Net amount
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	137,347	-	137,347	-	-	137,347
	137,347	-	137,347	-	-	137,347
<b>Financial liabilities:</b>						
Counterparty 1	-	-	-	-	-	-
	-	-	-	-	-	-

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Growth and Income Fund - December 31, 2016

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Collateral	Net amount
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	32,083	-	32,083	-	-	32,083
	32,083	-	32,083	-	-	32,083
<b>Financial liabilities:</b>						
Counterparty 1	-	-	-	-	-	-
	-	-	-	-	-	-

### Exemplar Investment Grade Fund - June 30, 2017

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Collateral	Net amount
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	1,644,644	-	1,644,644	(61,200)	-	1,583,444
Counterparty 2	-	-	-	-	-	-
Counterparty 3	-	-	-	-	-	-
	1,644,644	-	1,644,644	(61,200)	-	1,583,444
<b>Financial liabilities:</b>						
Counterparty 1	(61,220)	-	(61,220)	61,220	-	-
Counterparty 2	(7,330)	-	(7,330)	-	7,330	-
Counterparty 3	(61,779)	-	(61,779)	-	61,779	-
	(130,329)	-	(130,329)	61,220	69,109	-

### Exemplar Investment Grade Fund - December 31, 2016

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Collateral	Net amount
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	734,187	-	734,187	(157,749)	-	576,438
Counterparty 2	12,133	-	12,133	(12,133)	-	-
Counterparty 3	579	-	579	-	-	579
	746,899	-	746,899	(169,882)	-	577,017
<b>Financial liabilities:</b>						
Counterparty 1	(157,749)	-	(157,749)	157,749	-	-
Counterparty 2	(106,385)	-	(106,385)	12,133	94,252	-
Counterparty 3	-	-	-	-	-	-
	(264,134)	-	(264,134)	169,882	94,252	-

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### Exemplar Tactical Corporate Bond Fund - June 30, 2017

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Collateral	Net amount
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	504,483	-	504,483	(299,311)	-	205,172
Counterparty 2	-	-	-	-	-	-
Counterparty 3	-	-	-	-	-	-
	<u>504,483</u>	<u>-</u>	<u>504,483</u>	<u>(299,311)</u>	<u>-</u>	<u>205,172</u>
<b>Financial liabilities:</b>						
Counterparty 1	(299,311)	-	(299,311)	(299,311)	-	-
Counterparty 2	(2,061)	-	(2,061)	-	2,061	-
Counterparty 3	(4,078)	-	(4,078)	-	4,078	-
	<u>(305,450)</u>	<u>-</u>	<u>(305,450)</u>	<u>(299,311)</u>	<u>6,139</u>	<u>-</u>

### Exemplar Tactical Corporate Bond Fund - December 31, 2016

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Collateral	Net amount
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	-	-	-	-	-	-
Counterparty 2	777	-	777	-	-	777
	<u>777</u>	<u>-</u>	<u>777</u>	<u>-</u>	<u>-</u>	<u>777</u>
<b>Financial liabilities:</b>						
Counterparty 1	(430,434)	-	(430,434)	-	430,434	-
Counterparty 2	-	-	-	-	-	-
Counterparty 3	(29,917)	-	(29,917)	-	-	(29,917)
	<u>(460,351)</u>	<u>-</u>	<u>(460,351)</u>	<u>-</u>	<u>430,434</u>	<u>(29,917)</u>

## 10. SECURITIES LENDING

The Funds' have entered into a security lending program administered by BNY Mellon, in its capacity as Lending Agent. The tables below summarize the securities loaned and collateral held as at June 30, 2017 and December 31, 2016 and the security lending income for the six month periods ended June 30, 2017 and 2016:

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

As at June 30, 2017

	Exemplar Growth and Income Fund \$	Exemplar Investment Grade Fund \$	Exemplar Leaders Fund \$	Exemplar Performance Fund \$	Exemplar Tactical Corporate Bond Fund \$
<b>Non-Cash Collateral Coverage</b>					
Collateral received for securities on loan	2,166,163	415,067	-	5,532,824	319,094
Market value of securities loaned	(2,057,018)	(394,380)	-	(5,266,793)	(303,688)
Collateral in excess of securities loaned	109,145	20,687	-	266,031	15,406
Collateral as a percentage of securities loaned	105.3%	105.2%	-	105.1%	105.1%
<b>Non-Cash Collateral Exposure</b>					
CAD	1,472,668	415,067	-	4,701,382	319,094
USD	693,495	-	-	831,442	-
	2,166,163	415,067	-	5,532,824	319,094

As at December 31, 2016

	Exemplar Growth and Income Fund \$	Exemplar Investment Grade Fund \$	Exemplar Leaders Fund \$	Exemplar Performance Fund \$	Exemplar Tactical Corporate Bond Fund \$
<b>Non-Cash Collateral Coverage</b>					
Collateral received for securities on loan	276,448	-	3,014,781	2,792,775	-
Market value of securities loaned	(263,121)	-	(2,851,916)	(2,654,441)	-
Collateral in excess of securities loaned	13,327	-	162,865	138,334	-
Collateral as a percentage of securities loaned	105.1%	-	105.7%	105.2%	-
<b>Non-Cash Collateral Exposure</b>					
CAD	224,776	-	1,766,869	2,640,420	-
USD	51,672	-	1,247,912	152,355	-
	276,448	-	3,014,781	2,792,775	-

For the period ended June 30, 2017

	Exemplar Growth and Income Fund \$	Exemplar Investment Grade Fund \$	Exemplar Leaders Fund \$	Exemplar Performance Fund \$	Exemplar Tactical Corporate Bond Fund \$
<b>Income</b>					
Securities lending income	28,841	1,140	42,926	29,604	11
Withholding taxes	(5,709)	-	(1,512)	(2,811)	-
BNY mellon lending agent fees	(9,251)	(456)	(16,562)	(10,715)	(4)
Securities lending income (net)	13,881	684	24,852	16,078	7

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

For the period ended June 30, 2016

	Exemplar Growth and Income Fund	Exemplar Investment Grade Fund	Exemplar Leaders Fund	Exemplar Performance Fund	Exemplar Tactical Corporate Bond Fund
	\$	\$	\$	\$	\$

### Income

Securities lending income	1,205	3,774	7,507	7,229	-
Withholding taxes	(50)	-	(59)	(55)	-
BNY mellon lending agent fees	(462)	(1,510)	(2,979)	(2,869)	-
Securities lending income (net)	693	2,264	4,469	4,305	-

### 11. RELATED PARTY TRANSACTIONS

The Manager is responsible for making decisions relating to the investment of the Funds' assets and providing key management personnel.

The Exemplar Growth and Income Fund invests in units of other funds managed by Arrow. The number of units owned by Exemplar Growth and Income Fund is summarized as follows:

June 30, 2017	Number of units	Fair Value (\$)	% of net assets attributable to holders of redeemable units
Exemplar Tactical Corporate Bond Fund – Series I	292,150	2,981,381	15.4
East Coast Investment Grade Income Fund	25,449	252,709	1.3

December 31, 2016	Number of units	Fair Value (\$)	% of net assets attributable to holders of redeemable units
Exemplar Performance Fund – Series I	227,887	2,458,746	18.9
Exemplar Tactical Corporate Bond Fund – Series I	96,477	950,792	7.3
Exemplar U.S. High Yield Fund - Series I	224,768	2,382,137	18.3

As of June 30, 2017, the number of units owned by the Manager of each Fund is summarized as follows:

	Number of units	Fair Value (\$)	% of net assets attributable to holders of redeemable units
Exemplar Growth and Income Fund – A	3,798	39,383	0.2
Exemplar Growth and Income Fund – AN	12,410	130,929	0.7
Exemplar Growth and Income Fund – FN	332,496	3,571,011	18.5
Exemplar Investment Grade Fund – Series I	506	5,425	0.0
Exemplar Leaders Fund – Series A	1,136	47,954	0.1
Exemplar Leaders Fund – Series F	669	28,938	0.1
Exemplar Performance Fund - Series F	871	11,153	0.0
Exemplar Performance Fund - Series I	461	5,177	0.0
Exemplar Tactical Corporate Bond Fund – Series F	4,807	45,087	0.1
Exemplar Tactical Corporate Bond Fund – Series LI	566	5,174	0.0
Exemplar Tactical Corporate Bond Fund – Series M	106	1,076	0.0

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

As of December 31, 2016, the number of units owned by the Manager of each Fund is summarized as follows:

	Number of units	Amount (\$)	% of net assets attributable to holders of redeemable units
Exemplar Growth and Income Fund - FN	246,782	2,618,357	20.1
Exemplar Investment Grade Fund - Series I	506	5,265	0.0
Exemplar Leaders Fund - Series A	1,037	41,988	0.1
Exemplar Leaders Fund - Series F	669	27,630	0.1
Exemplar Performance Fund - Series F	979	11,954	0.0
Exemplar Tactical Corporate Bond Fund - Series F	4,692	43,776	0.1
Exemplar Tactical Corporate Bond Fund - Series LI	546	5,051	0
Exemplar Tactical Corporate Bond Fund - Series M	104	1,047	0.0

### Management and Performance Fees

Management fees are calculated and accrued daily and paid monthly and are subject to HST (and any other applicable taxes). The management fee rates are as follows:

Fund	Series														
	A	AD	AI	AN	U	F	FD	FI	FN	G	L	LD	LI	LN	M
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Exemplar Growth and Income Fund	2.00	n/a	n/a	2.00	n/a	1.00	n/a	n/a	1.00	n/a	2.30	n/a	n/a	2.30	n/a
Exemplar Investment Grade Fund	1.30	n/a	1.30	1.30	1.30	0.80	n/a	0.80	0.80	0.80	n/a	n/a	n/a	n/a	n/a
Exemplar Leaders Fund	1.80	n/a	n/a	n/a	n/a	0.80	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Exemplar Performance Fund	2.00	2.00	n/a	n/a	n/a	1.00	1.00	n/a	n/a	n/a	2.30	2.30	n/a	n/a	n/a
Exemplar Tactical Corporate Bond Fund	1.75	n/a	1.75	1.75	1.75	1.00	n/a	1.00	1.00	1.00	2.00	n/a	2.00	n/a	2.00

A holder of Series I units of a Fund, if applicable, pays a negotiated management fee directly to Arrow. The management fee in respect of Series I units will be different for each investor, and will not exceed 2.50% per year.

In addition, Exemplar Leaders Fund and Exemplar Performance Fund pay the Manager an annual performance fee (the "Performance Fee"), equal to 20% of the amount by which the Funds outperform their respective indices. The Performance Fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to HST (and any other applicable taxes). If the performance of a series of a Fund in any year is less than the performance of the indices described below (the "Return Deficiency"), then no Performance Fee will be payable in any subsequent year until the performance of the applicable series, on a cumulative basis calculated from the first of such subsequent years, has exceeded the amount of the Return Deficiency.

#### *Exemplar Leaders Fund*

The Exemplar Leaders Fund will pay Arrow an annual Performance Fee equal to a percentage of the average net asset value of Series A units and Series F units of the Fund. Such percentage will be equal to 20% of the difference by which the return in the net asset value per unit of the applicable series from January 1 to December 31 exceeds the greater of: (i) 0%; and (ii) the percentage return of the S&P/TSX Composite Total Return Index for the same period.

#### *Exemplar Performance Fund*

A Performance Fee will be payable in all circumstances where the performance of the Fund exceeds that of the S&P/TSX Composite Total Return Index, even in circumstances where the overall performance of the Fund has declined in a particular year, but as long as the performance of the Fund is positive since the last date that a performance fee was paid by the Fund. The S&P/TSX Composite Total Return Index is comprised of most of the largest companies on the Toronto Stock Exchange as measured by market capitalization with any distributions reinvested.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

Exemplar Growth and Income Fund does not charge a performance fee directly, although funds it invests in may be charged a performance fee.

Each Fund is responsible for all operating expenses incurred by or on behalf of that Fund. At the discretion of the Manager, certain fees may be absorbed by the Manager.

Accrued management fees and performance fees (excluding HST) included in other liabilities on the statements of financial position are as follows:

	June 30, 2017		December 31, 2016	
	Management Fees	Performance Fees	Management Fees	Performance Fees
	\$	\$	\$	\$
Exemplar Growth and Income Fund	18,507	n/a	15,105	n/a
Exemplar Investment Grade Fund	86,686	n/a	49,906	n/a
Exemplar Leaders Fund	47,748	3,043	48,267	2,420
Exemplar Performance Fund	49,158	17,865	47,895	332
Exemplar Tactical Corporate Bond Fund	42,080	n/a	38,789	n/a

### Brokerage Commissions

Total commissions paid to dealers for the periods ended June 30, 2017 and 2016 in connection with portfolio transactions are as follows:

	June 30, 2017	June 30, 2016
	\$	\$
Exemplar Growth and Income Fund	57,102	41,188
Exemplar Investment Grade Fund	15,772	22,392
Exemplar Leaders Fund	18,411	12,548
Exemplar Performance Fund	16,736	10,282
Exemplar Tactical Corporate Bond Fund	8,297	8,374

### Soft Dollar Commissions

Total commissions used to purchase market data services by the Funds for the periods ended June 30, 2017 and 2016 are as follows:

	June 30, 2017	June 30, 2016
	\$	\$
Exemplar Growth and Income Fund	4,791	-
Exemplar Investment Grade Fund	-	-
Exemplar Leaders Fund	9,365	5,122
Exemplar Performance Fund	9,913	4,962
Exemplar Tactical Corporate Bond Fund	-	-

## 12. TAXATION

The Funds qualify as mutual fund trusts under the Income Tax Act (Canada) ("Tax Act"). All of the Funds' net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses would not be reflected in the Statements of Financial Position as a deferred income tax asset.

	Non-Capital Loss* (\$)	Capital Loss** (\$)
Exemplar Growth and Income Fund	-	-
Exemplar Investment Grade Fund	23,569	-
Exemplar Leaders Fund	-	-
Exemplar Performance Fund	494,638	449,796
Exemplar Tactical Corporate Bond Fund	131,368	-

\* Non-capital losses can be offset against income in future years for up to 20 years.

\*\* Net Capital losses can be carried forward indefinitely for offset against gains in future periods.

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

### 13. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2017 and 2016 is calculated as follows:

June 30, 2017	Increase (decrease) in net assets attributable to holders of redeemable units (\$)	Weighted average redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit (\$)
Exemplar Growth and Income Fund – Series A	77,790	626,151	0.12
Exemplar Growth and Income Fund – Series AN	38,578	146,388	0.26
Exemplar Growth and Income Fund – Series F	28,153	153,522	0.18
Exemplar Growth and Income Fund – Series FN	134,956	598,207	0.23
Exemplar Growth and Income Fund – Series I	30,790	91,784	0.34
Exemplar Growth and Income Fund – Series L	5,340	30,957	0.17
Exemplar Growth and Income Fund – Series LN	2,199	18,572	0.12
Exemplar Investment Grade Fund – Series A	375,273	2,002,651	0.19
Exemplar Investment Grade Fund – Series AI	64,470	327,161	0.20
Exemplar Investment Grade Fund – Series AN	82,067	382,211	0.21
Exemplar Investment Grade Fund – Series F	1,120,249	5,368,795	0.21
Exemplar Investment Grade Fund – Series FI	111,861	479,807	0.23
Exemplar Investment Grade Fund – Series FN	112,253	566,039	0.20
Exemplar Investment Grade Fund – Series I	158	506	0.31
Exemplar Investment Grade Fund – Series G	(44,718)	41,761	(1.07)
Exemplar Leaders Fund – Series A	1,165,967	667,058	1.75
Exemplar Leaders Fund – Series F	462,957	233,393	1.98
Exemplar Performance Fund – Series A	520,357	985,977	0.53
Exemplar Performance Fund – Series AD	11,283	26,751	0.42
Exemplar Performance Fund – Series F	888,038	1,578,003	0.56
Exemplar Performance Fund – Series FD	18,885	40,128	0.47
Exemplar Performance Fund – Series I	15,546	39,412	0.39
Exemplar Performance Fund – Series L	212,637	463,141	0.46
Exemplar Performance Fund – Series LD	9,037	29,323	0.31
Exemplar Tactical Corporate Bond Fund – Series A	98,606	421,886	0.23
Exemplar Tactical Corporate Bond Fund – Series AI	9,068	51,825	0.17
Exemplar Tactical Corporate Bond Fund – Series AN	157,291	584,992	0.27
Exemplar Tactical Corporate Bond Fund – Series F	500,311	1,933,430	0.26
Exemplar Tactical Corporate Bond Fund – Series FI	59,497	229,355	0.26
Exemplar Tactical Corporate Bond Fund – Series FN	224,082	795,578	0.28
Exemplar Tactical Corporate Bond Fund – Series I	70,548	282,249	0.25
Exemplar Tactical Corporate Bond Fund – Series L	22,830	103,865	0.22
Exemplar Tactical Corporate Bond Fund – Series LI	121	556	0.22
Exemplar Tactical Corporate Bond Fund – Series U	578	6,400	0.09
Exemplar Tactical Corporate Bond Fund – Series G	(186)	1,314	(0.14)
Exemplar Tactical Corporate Bond Fund – Series M	(13)	105	(0.12)



# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

June 30, 2016	Increase (decrease) in net assets attributable to holders of redeemable units (\$)	Weighted average redeemable units outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable units per unit (\$)
Exemplar Growth & Income Fund - Series A	132,981	372,872	0.36
Exemplar Growth & Income Fund - Series AN	33,261	66,141	0.50
Exemplar Growth & Income Fund - Series F	66,235	141,758	0.47
Exemplar Growth & Income Fund - Series FN	156,951	351,757	0.45
Exemplar Growth & Income Fund - Series I	39,038	84,637	0.46
Exemplar Growth & Income Fund - Series L	6,802	15,586	0.44
Exemplar Growth & Income Fund - Series LN	3,569	8,337	0.43
Exemplar Investment Grade Fund – Series A	341,217	1,469,766	0.23
Exemplar Investment Grade Fund – Series AI	46,897	200,079	0.23
Exemplar Investment Grade Fund – Series AN	62,175	229,752	0.27
Exemplar Investment Grade Fund – Series F	679,787	3,015,871	0.23
Exemplar Investment Grade Fund – Series FI	48,994	252,567	0.19
Exemplar Investment Grade Fund – Series FN	46,541	166,829	0.28
Exemplar Investment Grade Fund – Series I	10,413	36,754	0.28
Exemplar Investment Grade Fund – Series G	(1,606)	4,714	(0.34)
Exemplar Leaders Fund – Series A	(52,244)	702,383	(0.07)
Exemplar Leaders Fund – Series F	72,071	225,365	0.32
Exemplar Performance Fund – Series A	(67,390)	863,306	(0.08)
Exemplar Performance Fund – Series AD	(5,633)	27,960	(0.20)
Exemplar Performance Fund – Series F	(52,268)	1,100,462	(0.05)
Exemplar Performance Fund – Series FD	(2,697)	35,089	(0.08)
Exemplar Performance Fund – Series I	(63,149)	326,344	(0.19)
Exemplar Performance Fund – Series L	(29,790)	385,908	(0.08)
Exemplar Performance Fund – Series LD	(1,742)	10,029	(0.17)
Exemplar Tactical Corporate Bond Fund – Series A	107,349	473,505	0.23
Exemplar Tactical Corporate Bond Fund – Series AI	6,185	29,612	0.21
Exemplar Tactical Corporate Bond Fund – Series AN	231,798	985,024	0.24
Exemplar Tactical Corporate Bond Fund – Series F	413,141	1,453,793	0.28
Exemplar Tactical Corporate Bond Fund – Series FI	35,150	134,813	0.26
Exemplar Tactical Corporate Bond Fund – Series FN	144,154	577,930	0.25
Exemplar Tactical Corporate Bond Fund – Series I	47,850	120,906	0.40
Exemplar Tactical Corporate Bond Fund – Series L	12,679	88,537	0.14
Exemplar Tactical Corporate Bond Fund – Series LI	218	1,041	0.21
Exemplar Tactical Corporate Bond Fund – Series U	(1,676)	2,940	(0.57)
Exemplar Tactical Corporate Bond Fund – Series M	(708)	1,250	(0.57)

### 14. FUTURE ACCOUNTING CHANGES

#### IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued by the International Accounting Standards Board (“IASB”) in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on

# EXEMPLAR FUNDS

## GENERAL NOTES TO THE FINANCIAL STATEMENTS

For the period ended June 30, 2017 (Unaudited)

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such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Funds are in the process of assessing the impact of IFRS 9 and have not yet determined when they will adopt the new standard.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

August 29, 2017

### **TO THE UNITHOLDERS AND TRUSTEE OF EXEMPLAR GROWTH AND INCOME FUND, EXEMPLAR INVESTMENT GRADE FUND, EXEMPLAR LEADERS FUND, EXEMPLAR PERFORMANCE FUND, AND EXEMPLAR TACTICAL CORPORATE BOND FUND (COLLECTIVELY THE "FUNDS")**

The accompanying unaudited financial statements have been prepared by Arrow Capital Management Inc. ("Arrow" or the "Manager" of the Funds), and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 to the financial statements.

"James L. McGovern"

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JAMES L. MCGOVERN  
Managing Director & CEO  
ARROW CAPITAL MANAGEMENT INC.

"Robert W. Maxwell"

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ROBERT W. MAXWELL  
Managing Director & CFO  
ARROW CAPITAL MANAGEMENT INC.

**NOTICE TO UNITHOLDERS**

**The auditor of the Funds has not reviewed these interim financial statements.**

The Manager of the Funds appoints an independent auditor to audit the Funds' annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Funds' interim financial statements, this must be disclosed in an accompanying notice.

## **FUND INFORMATION**

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