

EXEMPLAR LEADERS FUND

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2017

This semi-annual Management Report of Fund Performance contains financial highlights but does not contain the complete semi-annual financial statements for Exemplar Leaders Fund (the "Fund"). If you have not received a copy of the semi-annual financial statements with the Management Report of Fund Performance, you may obtain a copy of the semi-annual financial statements, at no cost, by calling 877.327.6048, by writing to us at Arrow Capital Management Inc. (the "Manager" or "Arrow"), 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5 or by visiting our website at www.arrow-capital.com or SEDAR at www.sedar.com.

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

Forward-Looking Information

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

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

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

Management Discussion on Fund Performance

Investment Objective and Strategies

The investment objective of the Fund is to 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 as well as across 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.

To achieve the investment objectives 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.

In selecting investments for the Fund, the Manager primarily focuses on the securities (equity and equity derivatives) of companies which the Manager believes trade at a discount to their intrinsic value. The Fund is invested according to the following guidelines: the assets of the Fund are allocated at the discretion of the Manager to those investment strategies that balance risk, return and liquidity. The portfolio will be positioned in accordance with the Manager's market view. Geographic and sector allocations will vary significantly over time.

The Fund may follow a more concentrated investment approach and, from time to time, over weight certain geographic regions, including North America, and industry sectors such as energy or financial 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 use specified derivatives, such as calls and puts, warrants, index futures and exchange traded funds.

The Fund may also engage in short selling as a result of relief it obtained from the Canadian securities regulatory authorities. The Fund will engage in short selling only within certain limits and conditions including: (i) the Fund will short sell only liquid securities that are traded on a stock exchange or certain government bonds, (ii) the Fund will limit its short sale exposure to any single issuer to 5% of the Fund's net assets and its aggregate short exposure to 20% of its net assets, (iii) the Fund will hold cash cover in an amount (including the Fund's assets deposited with lenders) up to 150% of the aggregate market value of all securities sold short, and (iv) the Fund will deposit collateral only with lenders which are regulated financial institutions or registered dealers in Canada.

The Fund may hold all or a portion of its assets in cash or money market securities while seeking investment opportunities or for defensive purposes. The Fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

Investment Risk

The risks of investing in the Fund remain as stated in the Fund's simplified prospectus. There were no material changes to the Fund over the period that affected the overall level of risk.

The Fund is suitable for clients seeking long-term capital appreciation who have a medium risk tolerance level.

Results of Operations

For the six month period ended June 30, 2017, Series F units of the Fund gained 4.8% (gain of 0.8% in 2016) while the S&P/TSX Composite Total Return Index posted a gain of 0.7% (9.8% gain in 2016). Please refer to the "Past Performance" section for performance information of the other series. The performance of the other series of the Fund differs from Series F units due largely to a varying level of expenses charged to each series, as explained in the management fees section.

The first half of 2017 was a period of vast market and sector divergences, with the U.S. stock market and technology stocks rising solidly, while the Canadian market treaded water and energy stocks generally fell. The Fund's more diversified sector allocation allowed the Fund to rise, while the Canadian market remained relatively flat.

While most holdings in the Fund rose in the first half, there were a few drags on performance. The most significant detractors from fund performance were the drop in the U.S. dollar, which fell to under \$1.30 Canadian per U.S. dollar, Element Fleet, Razor Energy, Crescent Point Energy, and our short position on Tesla Inc., all of which had significant drops during the first six months.

Positive contributors were plentiful in the first half, as the majority of holdings rose. Most notable were gains of over 25% from Theratechnologies, Sierra Wireless, Sleep Country Canada, Anthem Inc., Kinaxis, and Legg Mason, all of which rose more than 25% in the period.

The single largest contributor to fund performance in the last 6 months was Theratechnologies Inc., which rose 213% in the first half of 2017. Theratechnologies is an under recognized developer and marketer of drugs, with a current portfolio of HIV treatment medications, that is poised to expand over the coming year.

In June, the U.S. FDA accepted for review the Biologics License Application (BLA) for Ibalizumab, as a treatment for resistant HIV with a targeted action dated of January 3rd, 2018. Ibalizumab will be the first antiretroviral treatment with a new mechanism of action to be introduced to the HIV market in a decade and the only treatment that will not require daily dosing. The company has already been granted Fast Track, Breakthrough Therapy, and Orphan Drug status for Ibalizumab. Approval of the new drug will likely drive the company to new heights over the coming year. We expect the company to continue to contribute solidly to portfolio performance.

We were able to find a number of attractive new positions for the portfolio during the first half of the year. The most important new positions that we added were Kinder Morgan Canada, LSC Lithium, Razor Energy, Painted Pony, PentaNova Energy, and Santander Consumer USA.

A number of holdings were sold during the first half of 2017, due to either reaching our price objectives, takeovers, or to shortfalls in their performance. Positions sold included DirectCash Payments (takeover), Cigna, Humana, RMP Energy, AuRico Metals, Manitoba Telecom (takeover), Otonomy, Headwaters (takeover), Time Warner, Halogen Software (takeover), and TransGlobe Energy.

Overall portfolio structure is designed to take advantage of a continued slow recovery from the great recession of 2008-2009 and is invested in undervalued equities. The portfolio continues with a concentrated investment approach in superior companies trading at discounts to their intrinsic values. The portfolio remains well diversified with the largest sector weighting being Energy, Health Care, and Technology.

The first half of 2017 saw a continuation of the slow global growth, with some evidence of economic acceleration. We are continuing to see solid positive growth from the world's largest two economies, the U.S. and China, which will drive another year of expansion for the global economy. The election of a business-oriented President, Senate, and House in the world's largest economy, the U.S., provides increasing confidence that the economic upcycle has more gains to come. Offsetting the economic gains was the beginning of monetary policy tightening, albeit at a very moderate rate, by some of the world's central banks. The combined effect was a backdrop for positive stock market returns across most of the globe, with exceptions being resource levered economies like Canada that saw relatively flat returns in the first half.

Outlook

The second half of 2017 will likely see a continuation of the slow global economic recovery we have witnessed over the last several years, driven by growth from the world's largest economies, the U.S. and China. Offsetting the solid economic growth somewhat will be more gradual tightening of monetary policy by the central banks. Unlike the last year, we are likely to experience some ups and downs during the coming year as we encounter some partisan politics in the U.S. that will impede the new President's actual policy implementation. Net-net, the overall economic backdrop should provide a good atmosphere for well-run leading companies like we own in the Fund to continue to build shareholder value. We look forward to another profitable year ahead of us.

Recent Developments

There are no recent developments for the Fund.

Related Party Transactions

As of June 30, 2017, Arrow held 1,136 Series A units and 669 Series F units of the Fund with a market value of \$76,892. This represents 0.2% of the net assets of the Fund.

Management Fees

Arrow receives a monthly management fee (the "Management Fee") subject to HST (and any other applicable sales taxes), calculated as a percentage of the Fund's net asset value as of the close of business on each business day. The Management Fee rate applicable to the Fund is 1.80% per annum for Series A units and 0.80% per annum for Series F units. For the period ended June 30, 2017, Management Fees charged to the Fund equaled \$288,029 (\$271,800 in 2016). The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. A portion of the Management Fee paid by the Fund is for trailer fees paid to dealers whose clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund's annual Management Fees and trailer fees.

ANNUAL RATE (%)	Series A	Series F
Management Fees (Annual Rate)	1.80%	0.80%
Trailer Fees (as a % of Management Fees)	44.4%	-

In addition, the Fund will pay the Manager annually a performance fee (the "Performance Fee"), subject to HST (and any other applicable sales taxes), 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 of the Fund 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. If the performance of a Series of the Fund in any year is less than the performance of the applicable index described above (the "Deficiency"), then no Performance Fee will be payable in any subsequent year until the performance of the applicable Series of the Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency. For the period ended June 30, 2017, the total Performance Fee equaled \$3,302 (\$nil in 2016).

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund.

Financial Highlights

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

SERIES A - NET ASSETS PER UNIT					
For the period ended June 30, 2017 and for the years ended December 31,					
	2017	2016	2015	2014	2013
Net Assets, beginning of period¹	\$ 40.49	\$ 38.62	\$ 40.31	\$ 39.34	\$ 30.57
Increase (decrease) from operations:					
Total revenue	0.56	1.09	0.83	0.87	0.90
Total expenses	(0.60)	(1.16)	(1.32)	(1.04)	(1.86)
Realized gains (losses)	0.90	2.75	3.16	2.77	1.90
Unrealized gains (losses)	0.89	1.26	(1.63)	(1.64)	7.84
Total increase (decrease) from operations¹:	\$ 1.75	\$ 3.94	\$ 1.04	\$ 0.96	\$ 8.78
Distributions²:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(2.39)	(2.72)	-	-
Total distributions	\$ -	\$ (2.39)	\$ (2.72)	\$ -	\$ -
Net Assets, end of period¹	\$ 42.22	\$ 40.49	\$ 38.62	\$ 40.31	\$ 39.34

SERIES A - RATIOS AND SUPPLEMENTAL DATA⁷					
For the period ended June 30, 2017 and for the years ended December 31,					
	2017	2016	2015	2014	2013
Net Asset Value ("NAV") (000s) ¹	\$27,702	\$27,576	\$28,508	\$28,010	\$25,525
Number of units outstanding	656,142	680,983	738,188	694,810	648,874
Management expense ratio ³	2.63%*	2.60%	3.20%	2.81%	5.21%
Management expense ratio before waivers or absorptions ⁴	2.63%*	2.60%	3.20%	2.81%	5.29%
Portfolio turnover rate ⁵	25.26%	52.20%	57.64%	47.97%	46.04%
Trading expense ratio ⁶	0.13%*	0.25%	0.13%	0.11%	0.08%
Net asset value per unit	\$42.22	\$40.49	\$38.62	\$40.31	\$39.34

SERIES F - NET ASSETS PER UNIT					
For the period ended June 30, 2017 and for the years ended December 31,					
	2017	2016	2015	2014	2013
Net Assets, beginning of period¹	\$ 41.30	\$ 39.63	\$ 41.64	\$ 40.22	\$ 31.18
Increase (decrease) from operations:					
Total revenue	0.57	1.13	1.01	1.21	0.92
Total expenses	(0.39)	(0.79)	(1.61)	(1.45)	(1.90)
Realized gains (losses)	0.91	2.88	3.84	3.87	1.95
Unrealized gains (losses)	0.89	1.61	(1.97)	(2.29)	8.03
Total increase (decrease) from operations¹:	\$ 1.98	\$ 4.83	\$ 1.27	\$ 1.34	\$ 9.00
Distributions²:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(3.16)	(3.43)	-	-
Total distributions	\$ -	\$ (3.16)	\$ (3.43)	\$ -	\$ -
Net Assets, end of period¹	\$ 43.27	\$ 41.30	\$ 39.63	\$ 41.64	\$ 40.22

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷

For the period ended June 30, 2017 and for the years ended December 31,

	2017	2016	2015	2014	2013
Net Asset Value ("NAV") (000s) ¹	\$10,076	\$9,666	\$8,851	\$8,144	\$7,300
Number of units outstanding	232,852	234,046	223,338	195,600	181,509
Management expense ratio ³	1.62%*	1.60%	2.39%	1.79%	4.87%
Management expense ratio before waivers or absorptions ⁴	1.62%*	1.60%	2.39%	1.79%	4.95%
Portfolio turnover rate ⁵	25.26%	52.20%	57.64%	47.97%	46.04%
Trading expense ratio ⁶	0.13%*	0.25%	0.13%	0.11%	0.08%
Net asset value per unit	\$43.27	\$41.30	\$39.63	\$41.64	\$40.22

1. The net assets per unit are referenced to net assets attributable to holders of redeemable units determined in accordance with International Financial Reporting Standards ("IFRS") and are derived from the Fund's financial statements. The Net Assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. NAV is calculated using fair value measures as defined by National Instrument 81-106 ("NI 81-106"), where as Net Assets are calculated in accordance with IFRS. An explanation of these differences can be found in the notes to the financial statements. Net Assets are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
2. Distributions, if applicable, were reinvested in additional units of the Fund at the discretion of the underlying unitholders.
3. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net asset value during the year. The management expense ratio is calculated in accordance with Part 15 of NI 81-106 and therefore includes performance fees, which were previously reported separately as dollar amounts.
4. The Manager may absorb certain expenses or waive certain fees otherwise payable by the Fund. The amount of expenses absorbed or waived (if applicable) is determined annually at the discretion of the Manager and the Manager can terminate the absorption or waiver at any time.
5. The Fund's portfolio turnover rate can indicate how actively the investment advisor manages the portfolio of investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of its securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.

Past Performance

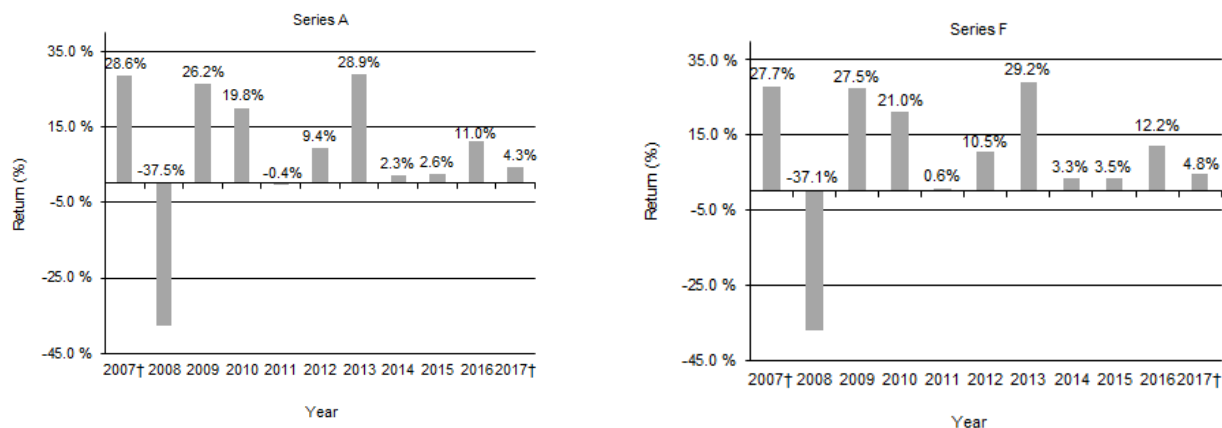
The performance information shown below assumes that all distributions, if any, made by the Fund in the periods shown were reinvested in additional units of the Fund. If you hold the Fund outside a registered plan, you will be taxed on distributions. Distributions of income the Fund earns and capital gains it realizes are taxable in the year received whether received in cash or reinvested in additional units. No adjustment for potential tax consequences to an investor has been made to the performance information.

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

performance. An investment in the Fund is not guaranteed. Its value changes frequently and how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

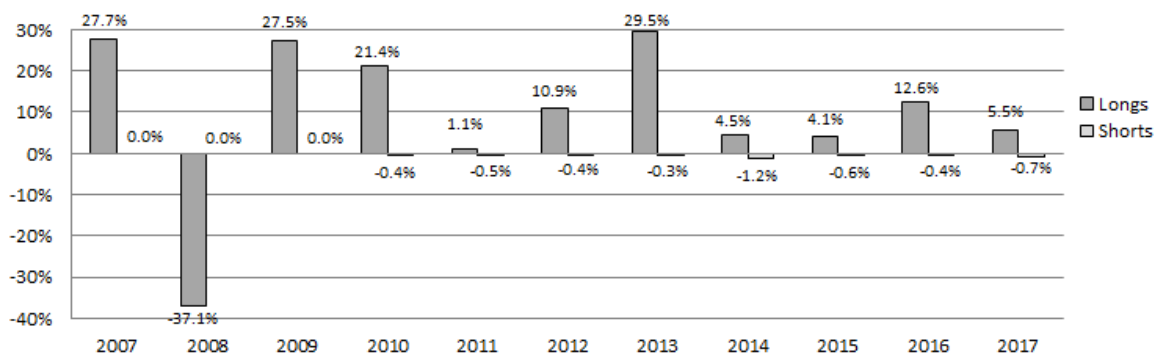
Year-By-Year Returns

The bar chart below illustrates the Fund's annual performance for each of the years shown, and indicates how the Fund's performance has changed from year to year. It shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of the financial year.



†Represents a partial year.

The chart below illustrates the Fund's returns for Series F for the period ended June 30, 2017 and for the years ended December 31 for the Fund units by long and short holdings:



Annual Compound Returns (Compound Performance)

The following table shows the annual compound total returns of the Fund, and for the S&P/TSX Composite Total Return Index (a price weighted index of 300 of the largest, most widely-held stocks traded on the Toronto Stock Exchange) for the periods shown ended June 30, 2017. The Relative Performance returns show the performance of the Fund as compared to the benchmark S&P/TSX Composite Total Return Index.

	1 Year	3 Years	5 Years	Annualized Since Inception
Series A	15.5%	5.2%	9.5%	7.7%
Series F	16.6%	6.2%	10.3%	8.5%
S&P/TSX Composite TR Index	11.1%	3.1%	8.7%	4.1%

Summary of Investment Portfolio as at June 30, 2017

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

Industry Sector	Exposure (%)		Top 25 Holdings	%
	Long	Short		
Consumer Discretionary	8.5	(0.2)	Anthem, Inc.	6.1
Consumer Staples	0.4	-	Freehold Royalties Ltd.	5.7
Energy	17.3	-	Alaris Royalty Corp.	4.8
Financials	12.7	-	Microsoft Corporation	4.6
Funds	4.5	-	Magna International Inc.	3.6
Health Care	12.2	-	Cash and Cash Equivalents	3.5
Industrials	8.6	-	Element Fleet Management Corp.	3.4
Information Technology	15.9	-	United Parcel Service, Inc.	3.4
Materials	4.1	-	Polaris Infrastructure Inc.	3.3
Real Estate	5.9	-	Gilead Sciences, Inc.	3.1
Telecommunication Services	1.5	-	Boyd Group Income Fund	2.6
Utilities	4.4	-	Hexcel Corporation	2.5
Derivatives	0.5	-	Legg Mason, Inc.	2.3
Cash and Cash Equivalents	3.5	-	Sleep Country Canada Holdings Inc.	2.2
Other Net Assets	0.2	-	Inovalis Real Estate Investment Trust	1.7
	100.2	(0.2)	Pure Multi-Family REIT LP	1.6
			Cisco Systems, Inc.	1.6
			U.S. Concrete, Inc.	1.6
			Theratechnologies Inc.	1.5
			Enercare Inc.	1.5
			Verizon Communications Inc.	1.5
			Espial Group Inc.	1.3
			Martinrea International Inc.	1.3
			Kinder Morgan Canada Limited	1.2
			Crius Energy Trust	1.2
			Total	67.1
			Total Net Asset Value (in \$ millions)	37.8