

EXEMPLAR PERFORMANCE FUND ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period since inception to December 31, 2014

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

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

Forward-Looking Information

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

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

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

Management Discussion on Fund Performance

Investment Objective and Strategies

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

To achieve the investment objective the Fund invests predominantly in large and mid capitalization Canadian companies. Generally, no more than 20% of the Fund is 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 Arrow. 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 investment advisor'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 may use derivatives such as options, forwards and futures for hedging and non-hedging purposes. Such derivatives may be used to hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies as well as market risk. Derivatives may also be used to obtain exposure to individual securities and markets instead of buying securities directly. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law. Options acquired for non-hedging purposes will not constitute more than 10% of the net assets of the Fund. Generally, no more than 30% of the Fund's portfolio is expected to be invested outside of Canada.

The Fund may also engage in short selling as a result of relief obtained from the Canadian securities regulatory authorities. Generally speaking, short selling can provide the Fund with opportunities for gains when markets are volatile or declining. While short selling will be used by the Fund as a complement to its primary investment strategy (discussed above), Arrow will utilize the same fundamental analysis in determining whether securities of a particular issuer should be sold short. When the analysis produces a favourable outlook, the investment opportunity is considered for purchase. When the analysis produces an unfavourable outlook, the investment opportunity is considered for a short sale. 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) that is at least 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.

Investment Risk

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

This Fund is suitable for investors who seek the long term appreciation potential of Canadian companies and are comfortable with short selling. To invest in this Fund, investors should be able to accept a medium degree of risk.

Results of Operations

For the period from March 24, 2014 (commencement of operations) to December 31, 2014, Series A units of the Fund gained 9.0% while the Canadian benchmark, the S&P TSX Total Return Index, gained 4.2% for the same period. Please refer to the Past Performance section for the performance of the other Series. The performance of the other Series offered by the Fund differs from Series A largely because of varying levels of expenses charged to each series, as explained in the Management Fee section.

As of December 31, 2014, 52.2% of the Fund's net assets (where short positions are netted against long positions in each category) were invested in Canadian equities, 14.5% in U.S. equities and 1.1% in global equities.

The Fund was positioned from its inception in March to take advantage of the superior US economic growth, as demand for Canadian resource exports would suffer as a result of the anemic global economic environment. Not only did we give preference to

US equities, we concentrated Canadian holdings in companies with predominant exposure to the US economy. Some of our largest and most successful investments were Couche-Tard, CCL Industries, Constellation and Boyd Group, all companies which generate majority of their revenues outside Canada. All four stocks performed very well, with their 2014 returns ranging from 44% to 82%.

The strategy of focusing on US consumers paid off especially during the last months of 2014, when energy prices begun to collapse.

Having watched excess oil inventory buildup and listened to the OPEC rhetoric, we correctly anticipated OPEC's decision to allow economic forces to restore oil market equilibrium by maintaining current production. We have been reducing energy exposure in the portfolio throughout the year as we felt fundamentals did not justify the elevated oil price. This strategy paid off during the sell-off of energy stocks in the latter part of the year.

Looking ahead to next year, we think the current steep oil price decline should act as a global fiscal stimulus. It is worth recalling that almost every past oil price correction of current magnitude eventually resulted in re-acceleration of global growth and resurgence of stock markets around the world. We expect this scenario to play out in the second half of 2015. For now we prefer to stay with our defensive portfolio. A heavy exposure to North American consumer companies makes sense, as consumers will be the main beneficiaries of sustained low energy prices. Our current preference is to focus on companies serving lower-income consumers, who benefit disproportionately from the savings at the gas pump and have a higher propensity to spend these savings. As opportunities present themselves during the year, we will add industrial products and some conservative energy stocks to the portfolio. This will allow us take advantage of the improved growth environment in the later part of the year.

Recent Developments

There are no recent developments for the Fund.

Related Party Transactions

On March 6, 2014, Arrow seeded the Fund by investing \$5,000 in Series A units and \$145,000 in Series F units of the Fund. As of December 31, 2014, Arrow held 500 Series A units and 16,192 Series F units of the Fund, with a market value of \$182,434. This represents 2.4% of the total 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 2.0% per annum for Series A units, 2.3% per annum for Series L units and 1.0% per annum for Series F units. The Fund is also authorized to issue Series I units, for which the Management Fee is negotiable between Arrow and the dealer. For the period since inception to December 31, 2014, Management Fees charged to the Fund equaled \$40,967. The Management Fee is paid in consideration of investment management and administration services. No breakdown of such services was specified in the management agreement. From this Management Fee, the Manager pays fees to the investment advisor (Arrow, in its capacity as such) who provides portfolio management services to the Fund. A portion of the Management Fee paid by the Fund is for trailer fees paid to dealers whose clients hold units of the Fund. The trailer fees are a percentage of the net asset value of the Fund, calculated and payable monthly. The table below outlines the Fund's annual Management Fees and trailer fees.

| ANNUAL RATE (%) | Series A | Series L | Series F | Series I |
|--|----------|----------|----------|------------|
| Management Fees <i>(Annual Rate)</i> | 2.0% | 2.3% | 1.0% | Negotiable |
| Trailer Fees <i>(as a % of Management Fees)</i> | 20.1% | 0.8% | - | - |

In addition, the Fund will pay the Manager a performance fee, accrued daily and paid annually, subject to HST (and any other applicable sales taxes), equal to 20% of the amount by which the Fund outperforms the S&P TSX Composite Total Return Index (the "Index"), even in circumstances where the overall performance of the Fund has declined. If the performance of a Series of the Fund in any year is less than the performance of the Index (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 since inception to December 31, 2014, the total performance fee equaled \$44,240.

The Manager incurs operating expenses on behalf of the Fund and charges these expenses to the Fund. For the period since inception to December 31, 2014, the Manager has, in its discretion, agreed to absorb \$65,055 of operating expenses associated with the Fund.

Financial Highlights

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

| SERIES A - NET ASSETS PER UNIT | |
|--|-----------------|
| For the period since March 24, 2014 (date of commencement of operations) to December 31, 2014 | |
| Net Assets, beginning of period¹ | \$ 10.00 |
| Increase (decrease) from operations: | |
| Total revenue | 0.10 |
| Total expenses | (0.34) |
| Realized gains (losses) for the period | (0.04) |
| Unrealized gains (losses) for the period | 0.92 |
| Total increase (decrease) from operations¹: | \$ 0.64 |
| Distributions²: | |
| From income (excluding dividends) | - |
| From dividends | - |
| Return of capital | - |
| Total distributions | - |
| Net Assets, end of period¹ | \$ 10.90 |

| SERIES A - RATIOS AND SUPPLEMENTAL DATA⁷ | |
|--|---------|
| For the period since March 24, 2014 (date of commencement of operations) to December 31, 2014 | |
| Net Asset Value ("NAV") ¹ | \$2,357 |
| Number of units outstanding | 216,367 |
| Management expense ratio ³ | 3.83%* |
| Management expense ratio before waivers or absorptions ⁴ | 6.03%* |
| Portfolio turnover rate ⁵ | 185.57% |
| Trading expense ratio ⁶ | 0.08%* |

| SERIES F - NET ASSETS PER UNIT | |
|--|-----------------|
| For the period since March 24, 2014 (date of commencement of operations) to December 31, 2014 | |
| Net Assets, beginning of period¹ | \$ 10.00 |
| Increase (decrease) from operations: | |
| Total revenue | 0.09 |
| Total expenses | (0.31) |
| Realized gains (losses) for the period | (0.04) |
| Unrealized gains (losses) for the period | 0.84 |
| Total increase (decrease) from operations¹: | \$ 0.58 |
| Distributions²: | |
| From income (excluding dividends) | - |
| From dividends | - |
| Return of capital | - |
| Total distributions | - |
| Net Assets, end of period¹ | \$ 10.93 |

SERIES F - RATIOS AND SUPPLEMENTAL DATA⁷**For the period since March 24, 2014 (date of commencement of operations) to December 31, 2014**

| | |
|---|---------|
| Net Asset Value ("NAV") ¹ | \$4,960 |
| Number of units outstanding | 453,629 |
| Management expense ratio ³ | 3.58%* |
| Management expense ratio before waivers or absorptions ⁴ | 5.58%* |
| Portfolio turnover rate ⁵ | 185.57% |
| Trading expense ratio ⁶ | 0.08%* |

SERIES L - NET ASSETS PER UNIT**For the period since July 8, 2014 (date of commencement of operations) to December 31, 2014**

| | | |
|---|-----------|--------------|
| Net Assets, beginning of period¹ | \$ | 10.00 |
| Increase (decrease) from operations: | | |
| Total revenue | | 0.03 |
| Total expenses | | (0.10) |
| Realized gains (losses) for the period | | (0.01) |
| Unrealized gains (losses) for the period | | 0.27 |
| Total increase (decrease) from operations¹: | \$ | 0.19 |
| Distributions²: | | |
| From income (excluding dividends) | | - |
| From dividends | | - |
| Return of capital | | - |
| Total distributions | | - |
| Net Assets, end of period¹ | \$ | 10.14 |

SERIES L - RATIOS AND SUPPLEMENTAL DATA⁷**For the period since July 8, 2014 (date of commencement of operations) to December 31, 2014**

| | |
|---|---------|
| Net Asset Value ("NAV") ¹ | \$204 |
| Number of units outstanding | 20,124 |
| Management expense ratio ³ | 5.57%* |
| Management expense ratio before waivers or absorptions ⁴ | 6.71%* |
| Portfolio turnover rate ⁵ | 185.57% |
| Trading expense ratio ⁶ | 0.08%* |

The Fund was launched on March 6, 2014. Series A and F units began operations on March 24, 2014. Series L units began operations on July 8, 2014.

*Ratios have been annualized.

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

6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. Ratios and supplemental data, where applicable, are computed using the net asset value of the Fund.

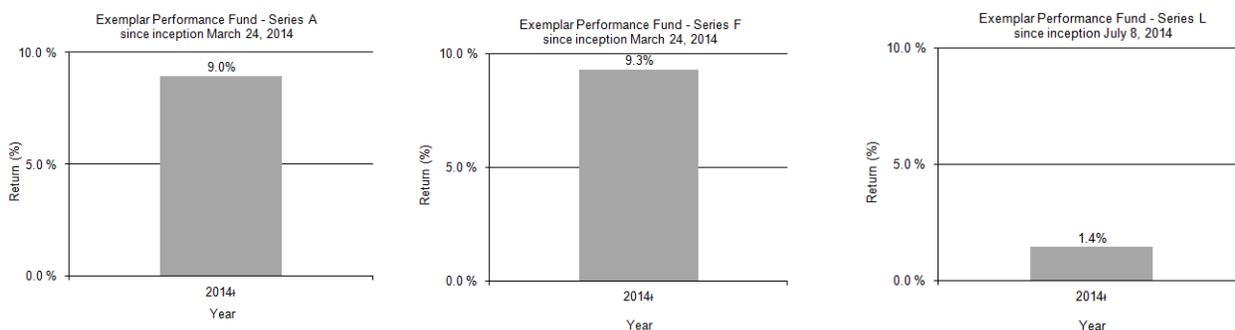
Past Performance

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

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

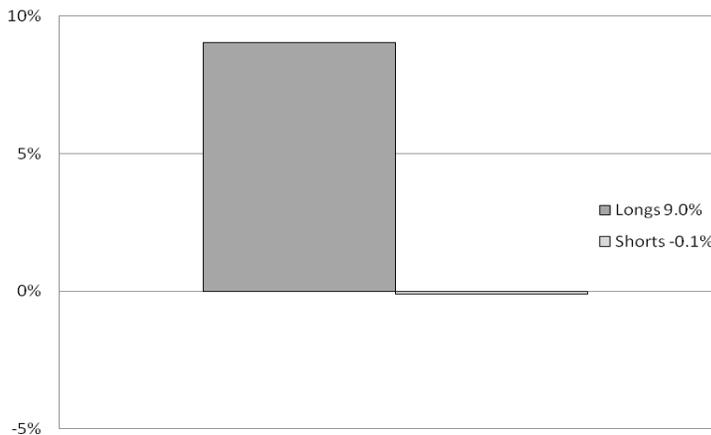
Year-By-Year Returns

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



†Returns shown represent a partial year.

The chart below illustrates the Fund’s returns since inception to December 31, 2014 for Series A units by long and short holdings:



Annual Compound Returns (Compound Performance)

The following table shows the 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 period shown ended December 31, 2014. The Relative Performance returns show the performance of the Fund as compared to the benchmark.

| | Since Inception |
|--------------------------------------|--------------------|
| Series A | 9.0% |
| Series F | 9.3% |
| Series L | 1.4% |
| S&P/TSX Composite Total Return Index | 4.2% |

Summary of Investment Portfolio as at December 31, 2014

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

| Top 25 Holdings | % of Net Assets | Regional Weightings | % of Net Assets |
|-------------------------------------|--------------------|--------------------------|----------------------------|
| Long Positions | | Long Positions | |
| Cash | 30.2% | Canada | 53.7% |
| CCL Industries Inc. | 3.7% | U.S. | 14.6% |
| Boyd Group Income Fund | 3.5% | Global | 1.1% |
| Amaya Inc. | 2.8% | | |
| Constellation Software Inc. | 2.8% | Short Positions | |
| Alimentation Couche-Tard Inc. | 2.5% | Canada | (1.5)% |
| Intertain Group Ltd. | 2.3% | U.S. | (0.1)% |
| Canfor Corp. | 1.9% | | |
| AutoCanada Inc. | 1.8% | Sector Weightings | % of Net Assets |
| Tricon Capital Group Inc. | 1.8% | Long Positions | |
| Bemis Co. Inc. | 1.7% | Consumer Discretionary | 17.0% |
| Canadian Tire Corp. Ltd. | 1.6% | Consumer Staples | 5.7% |
| EnerCare Inc. | 1.6% | Energy | 4.8% |
| Keyera Corp. | 1.6% | Financial Services | 6.3% |
| Health Care Select Sector SPDR Fund | 1.5% | Health Care | 5.2% |
| Linamar Corp. | 1.4% | Industrials | 13.0% |
| Newalta Corp. | 1.4% | Information Technology | 7.7% |
| CI Financial Corp. | 1.4% | Materials | 9.2% |
| Nike Inc. | 1.3% | Utilities | 0.5% |
| AGT Food and Ingredients Inc. | 1.3% | | |
| DHX Media Ltd. | 1.2% | Short Positions | |
| Descartes Systems Group Inc. | 1.1% | Energy | (0.3)% |
| Klondex Mines Ltd. | 1.1% | Financial Services | (1.3)% |
| Nielsen NV | 1.1% | | |
| National Bank of Canada | 1.1% | | |
| Total | 73.7% | | |
| Total Net Assets | \$7,521,790 | | |