

**NOTICE OF SPECIAL MEETING AND  
MANAGEMENT INFORMATION CIRCULAR**

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**SPECIAL MEETING OF UNITHOLDERS OF  
BROADVIEW DARK HORSE LONG/SHORT FUND**

**THE ABOVE MEETING IS TO BE HELD ON  
JUNE 25, 2020**

**in Toronto, Ontario**

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If you are a unitholder and you have any questions as to how to deal with the documents or matters referred to herein, you should immediately consult your investment advisor.

**THESE DOCUMENTS REQUIRE IMMEDIATE ATTENTION.**

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**NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF  
BROADVIEW DARK HORSE LONG/SHORT FUND**

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**NOTICE IS HEREBY GIVEN** that a special meeting of the unitholders (the “**Special Meeting**”) of Broadview Dark Horse Long/Short Fund (the “**Terminating Fund**”) will be held on June 25, 2020 at the head office of Arrow Capital Management Inc., 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5 at 9:30 a.m. (Toronto time) for the following purposes:

1. to consider and, if deemed appropriate, to pass a resolution to approve all matters relating to the merger of the Terminating Fund into the Arrow Canadian Advantage Alternative Class, as more particularly described in the accompanying Management Information Circular; and
2. to transact such other business as may properly come before the Special Meeting or any adjournment thereof.

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Fund’s unitholders and other stakeholders, meeting participants are encouraged not to attend in person. Rather, participants are encouraged to vote on the matter before the Meeting by proxy and join the Meeting by teleconference. If you would like to join the Meeting by teleconference please contact the Manager at 1 (877) 327-6048 or email to [info@arrow-capital.com](mailto:info@arrow-capital.com) for details.

The text of the proposed resolutions to be passed by unitholders at the Special Meeting is set out in Schedule A to the accompanying Management Information Circular.

DATED at Toronto, Ontario, this 1st day of June 2020.

ARROW CAPITAL MANAGEMENT INC. as Trustee of  
Broadview Dark Horse Long/Short Fund

“James L. McGovern”

By: James L. McGovern

## **I M P O R T A N T**

**Unitholders who are unable to attend the Special Meeting in person and who wish to appoint, as their proxy, either the officers and directors of Arrow Capital Management Inc. whose names are printed on the proxy or someone else, are requested to complete, date, sign and return the accompanying form of proxy. A self-addressed return envelope has been provided. The proxy should be sent to Arrow Capital Management Inc., 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5, or it may be faxed to 416-323-3199, SO AS TO ARRIVE NOT LATER THAN THE CLOSE OF BUSINESS ON THE DAY THAT IS 48 HOURS PRIOR to the commencement of the Special Meeting or any adjournment thereof (excluding Saturdays and holidays) or deposited with the Chairman of the Special Meeting prior to the commencement thereof.**

**MANAGEMENT INFORMATION CIRCULAR**  
**IN RESPECT OF THE SPECIAL MEETING OF UNITHOLDERS OF:**  
**BROADVIEW DARK HORSE LONG/SHORT FUND (the “Terminating Fund”)**

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**SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS**

The information in this management information circular (the “**Management Information Circular**”) is furnished in connection with the solicitation of proxies (and of voting instructions in the case of non-registered owners of units) from unitholders of the Terminating Fund by or on behalf of Arrow Capital Management Inc. (“**Arrow**”), as manager and trustee of the Terminating Fund, to be used at the special meeting and at all adjournments thereof (the “**Special Meeting**”), at the time and place and for the purposes set forth in the accompanying notice of Special Meeting. Solicitation of proxies and voting instructions will be made by mail or courier or by telephone by the directors, officers and employees of Arrow or its agents directly to unitholders or to dealers who acted on behalf of unitholders in the purchase of units of the Terminating Fund. Costs of the Special Meeting of the Terminating Fund will be borne by Arrow. The information contained herein is given as at May 31, 2020 except where otherwise noted.

**REGISTERED OWNERS**

If you are a registered owner of units, you may vote in person at the Special Meeting or you may appoint another person to represent you as proxyholder and vote your units at the Special Meeting. If you wish to attend the Special Meeting, do not complete or return the enclosed form of proxy because you will vote in person at the Special Meeting. Please register when you arrive at the Special Meeting.

**Appointment of Proxies**

If you do not wish to attend the Special Meeting, you should complete and return the enclosed form of proxy. The individuals named in the form of proxy are representatives of the manager of the Terminating Fund and are directors and officers of Arrow. You have the right to appoint someone else to represent you at the Special Meeting. If you wish to appoint someone else to represent you at the Special Meeting, insert that other person’s name in the blank “appointee” space provided in the form of proxy. The person you appoint to represent you at the Special Meeting need not be a unitholder of the Terminating Fund and must be present at the Special Meeting in order to vote the units.

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Fund’s unitholders and other stakeholders, meeting participants are encouraged not to attend in person. Rather, participants are encouraged to vote on the matter before the Meeting by proxy and join the Meeting by teleconference. If you would like to join the Meeting by teleconference please contact the Manager at 1 (877) 327-6048 or email to [info@arrow-capital.com](mailto:info@arrow-capital.com) for details.

To be valid, proxies must be sent to and reviewed by Arrow Capital Management Inc., 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5 or faxed to 416-323-3199 not later than the close of business on

the day that is 48 hours prior to the commencement of the Special Meeting or any adjournment thereof (excluding Saturdays and holidays).

### **Revocation**

If you have submitted a proxy and later wish to revoke it you can do so by:

- (a) completing and signing a form of proxy bearing a later date and depositing it with Arrow as described above;
- (b) depositing a document that is signed by you (or by someone you have properly authorized to act on your behalf) (i) at the offices of Arrow at any time up to the last business day preceding the day of the Special Meeting, or any adjournment of the Special Meeting, at which the proxy is to be used, or (ii) with the chair of the Special Meeting before the Special Meeting starts on the day of the Special Meeting or any adjournment of the Special Meeting;
- (c) electronically transmitting your revocation in a manner permitted by law, provided that the revocation is received (i) at the offices of Arrow at any time up to and including the last business day preceding the day of the Special Meeting, or any adjournment of the Special Meeting, at which the proxy is to be used, or (ii) by the chair of the Special Meeting before the Special Meeting starts on the day of the Special Meeting or any adjournment of the Special Meeting; or
- (d) following any other procedure that is permitted by law.

### **Voting of Proxies**

In connection with any ballot that may be called for, the representatives of Arrow designated in the enclosed form of proxy will vote your units in accordance with the instructions you have indicated on the proxy and, if you specify a choice with respect to any matter to be acted upon, the units will be voted accordingly. **In the absence of any direction, your units will be voted by the representatives of Arrow FOR the Merger of Broadview Dark Horse Long/Short Fund into Arrow Canadian Advantage Alternative Class as indicated under Proposed Merger of Broadview Dark Horse Long/Short Fund in this Management Information Circular.**

The representatives of Arrow designated in the enclosed form of proxy have discretionary authority with respect to amendments to or variations of matters identified in the notice of meeting and with respect to other matters that may properly come before the Special Meeting. At the date of this Management Information Circular, management of Arrow knows of no such amendments, variations or other matters.

### **NON-REGISTERED OWNERS**

These meeting materials are being sent to both registered and non-registered owners of units of the Terminating Fund.

If your units are registered in the name of an intermediary (such as a bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan, deferred profit sharing plan or similar plan (a “**Registered Plan**”)), you are a non-registered owner.

Only registered owners of units, or the persons they appoint as their proxies, are permitted to attend and vote at the Special Meeting. If you are a non-registered owner, you are entitled to direct how the units beneficially owned by you are to be voted or you may obtain a form of legal proxy that will entitle you to attend and vote at the Special Meeting.

You will receive the notice of the Special Meeting and this Management Information Circular (collectively, the “**meeting materials**”), and a request for voting instructions from Arrow.

By choosing to send these meeting materials to you directly, Arrow (and not the intermediary holding the units of the Terminating Funds on your behalf) has assumed responsibility for (i) delivering these meeting materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

If you do not wish to attend the Special Meeting (or have another person attend and vote on your behalf), you should write your name, or the name of your designate, on the “appointee” line on the form of proxy, then sign and return it by mail to Arrow. You may revoke your voting instructions at any time by written notice, except that Arrow is not required to honour the revocation of your voting instructions unless the revocation is received by 5:00 p.m. (Toronto time) on June 23, 2020.

When you write your name or the name of your designate, on the “appointee” line, you or your designate will have the right to attend the Special Meeting and vote in person. If you have another person voting on your behalf, you should instruct your designate how to complete the form of proxy. You, or your designate, must attend the Special Meeting. You (or the designate) must register when you arrive at the Special Meeting.

You should follow the instructions on the request for voting instructions and contact Arrow promptly if you need assistance.

If you wish to obtain a legal proxy please contact the individual who services your account.

## **PROPOSED MERGER OF BROADVIEW DARK HORSE LONG/SHORT FUND**

### **INTRODUCTION**

Arrow, as manager of Broadview Dark Horse Long/Short Fund (the “**Terminating Fund**”), is seeking the approval of unitholders of the Terminating Fund to exchange units of the Terminating Fund into shares of the Arrow Canadian Advantage Alternative Class (the “**Continuing Fund**”), a class of shares of Exemplar Portfolios Ltd. (the “**Company**”) (the “**Merger**”).

The Terminating Fund and the Continuing Fund are hereinafter referred to collectively as the “**Merging Funds**” and individually as a “**Merging Fund.**”

### **REASONS FOR THE MERGER**

In the opinion of Arrow, the Merger will be beneficial to unitholders of the Terminating Fund and the Continuing Fund for the following reasons:

1. the Continuing Fund is managed by a team of investment personnel of Arrow, rather than by a third party company that sub-advises for the Terminating Fund;

2. the Continuing Fund has an investment objective and investment strategy that focuses primarily on Canadian securities similar to the Terminating Fund, but also has greater flexibility to investment outside of Canada;
3. the Continuing Fund has a lower management fee than the Terminating Fund and the performance fees for the Continuing Fund has a hurdle whereas the Terminating Fund does not;
4. the Continuing Fund allows unitholders to redeem units on a daily basis with no notice whereas the Terminating Fund allows unitholders to redeem units on a monthly basis with twenty business days notice;
5. the assets of the Terminating Fund have decreased to such a point where it has become inefficient to manage the Terminating Fund as a standalone fund;
6. the Merger will eliminate duplicative administrative and regulatory costs of operating the Terminating Fund and the Continuing Fund as separate mutual funds; and
7. following the Merger, the Continuing Fund will have more assets allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions.

The Terminating Fund will be wound-up as soon as reasonably possible following the Merger.

Neither of the Merging Funds will bear any of the costs and expenses associated with the Merger. Such costs will be borne by Arrow.

## **PROCEDURES FOR THE MERGER**

The Merger will be implemented as described below.

1. The value of the Terminating Fund's assets will be determined at the close of business on the effective date of the Merger in accordance with the trust indenture and offering memorandum of the Terminating Fund. The value of any security or asset for which a market quotation is not readily available or to which, in the opinion of Arrow, the above principles cannot be applied shall be the fair value thereof determined in such manner, consistent with industry practices, as Arrow from time to time determines.
2. Unitholders of the Terminating Fund will transfer their units to the Continuing Fund in exchange for newly issued shares of the Continuing Fund having an aggregate net asset value equal to the value of the units exchanged, whereby Class A and F Units of the Terminating Fund will be exchanged for Series A and F Shares of the Continuing Fund, respectively.
3. In the event that there is any net income or net realized capital gains in the Terminating Fund, the Terminating Fund will declare, pay and automatically reinvest a distribution to its unitholders of any net income or net capital gains prior to exchanging the units as described above.
4. Unitholders of the Terminating Fund will now own shares of the Continuing Fund and the Terminating Fund will be 100% owned by the Continuing Fund.

Arrow anticipates that, immediately prior to effecting the Merger, many unitholders of the Terminating Fund will have unrealized net capital gains that would be realized as a result of a taxable merger. It will



therefore be advantageous to unitholders of the Terminating Fund if this Merger is effected on a tax-deferred basis. Accordingly, the unitholders of the Terminating Fund may make a joint tax election with the Company pursuant to section 85 of the *Income Tax Act (Canada)* (the “**Tax Act**”) to obtain a full or partial tax-deferred “rollover” for Canadian income tax purposes as described under “Income Tax Considerations Regarding the Merger” later in this Management Information Circular.

## IMPLEMENTATION OF THE MERGER

If unitholders of the Terminating Fund approve the Merger, it is proposed that the Merger will occur after the close of business on or about June 30, 2020 or such later date as may be determined by Arrow. Arrow may, in its discretion, postpone implementing the approved Merger until a later date (which shall be not later than July 31, 2020) and may elect to not proceed with the Merger.

If the Merger is approved by unitholders of the Terminating Fund, the right of unitholders to redeem or transfer their units of the Terminating Fund will cease as of the close of business on the effective date of the Merger. Unitholders of the Terminating Fund will subsequently be able to redeem, in the ordinary course, the shares of the Continuing Fund that they will acquire through the Merger, which shares will be subject to the same redemption charges, if any, to which the unitholder’s units of the Terminating Fund were subject prior to the Merger. Purchases of, and transfers to, units of the Terminating Fund will be suspended on or prior to the effective date of the Merger.

## FUND COMPARISONS

### General

Set out below is a description of certain features of the Terminating Fund and the Continuing Fund.

Feature	Description
Manager	Arrow is the manager of each of the Merging Funds.
Portfolio Advisor	Ewing Morris & Co. Investment Partners Ltd. (“ <b>Ewing Morris</b> ”) is the portfolio advisor to the Terminating Fund pursuant to an advisory agreement between Arrow and Ewing Morris. Arrow is responsible for all investment advice provided by Ewing Morris.  A team at Arrow is the portfolio advisor to the Continuing Fund.
Legal Structure	The Terminating Fund is an unincorporated open-end mutual fund created under the laws of the Province of Ontario pursuant to a trust indenture. Units of the Terminating Fund are offered pursuant to an offering memorandum.  The Continuing Fund is a class of shares of Exemplar Portfolios Ltd, a mutual fund corporation established under the laws of the Province of Ontario. Shares of the Continuing Fund are offered pursuant to a simplified prospectus. Additional information about the Continuing Fund, including the simplified prospectus, are available on the Continuing Fund’s website <a href="http://www.arrow-capital.com">www.arrow-capital.com</a> or at

Feature	Description	
	www.sedar.com.	
Registered Plan Eligibility	The securities of each of the Terminating Fund and the Continuing Fund are qualified investments for Registered Plans (as defined below), described in more detail under “ <i>Income Tax Considerations Regarding the Merger</i> ”.	
Distribution Policies	Each of the Terminating Fund and the Continuing Fund has the same distribution policy.	
Management and Performance Fees	<p>The management fees of the Terminating Fund are as follows:</p> <p>A – 2.50%</p> <p>F – 1.50%</p>	<p>The management fees of the Continuing Fund are as follows:</p> <p>A – 1.65%</p> <p>F – 0.65%</p>
	<p>Each of the Merging Funds is charged an annual performance fee equal to 20% of the increase in the Net Asset Value of the fund. For the Continuing Fund no performance fee is payable unless the net annual performance of the fund is a minimum of 6%, whereas the Terminating Fund does not have a minimum hurdle rate.</p> <p>Each of the Merging Fund’s performance fee is subject to a high water mark.</p>	
Operating Expenses	Each of the Terminating Fund and the Continuing Fund is responsible, on a separate basis, for the payment of all fees and expenses relating to its operation.	
Fees Payable Directly by Investors	<p>Investors pay a commission to their dealers when purchasing units or shares of a Merging Fund on a front-end sales charge basis. The amount of the commission is negotiable between the investor and his or her dealer but is not to exceed 5% of the total invested. The maximum front-end sales charge applicable on the purchase of units of the Terminating Fund is the same as that for the shares of the Continuing Fund. There are no front-end sales charges payable by investors who purchase Series F units or shares of a Merging Fund.</p> <p>The Merging Funds have substantially similar arrangements with respect to switch fees: in no case is any fee charged by a Merging Fund or Arrow, but the investor’s dealer may charge a fee up to 2% of the value of the units switched of the Terminating Fund and up to 5% of the value of the shares switched of the Continuing Fund.</p> <p>No fees are charged for opening or maintaining an Arrow-sponsored Registered Plan for investing in either of the Merging Funds.</p>	

Feature	Description
Valuation Procedures	The Terminating Fund calculates its net asset value weekly, whereas the Continuing Fund calculates its net asset value daily, both at 4:00 p.m. (Toronto time) on each Valuation Date Net asset values per unit or share are calculated for each class of units or shares using the same methodologies and currencies. Assets and liabilities generally are valued in the same manner.
Purchases and Redemptions of Units	<p>Purchases can be made on the Valuation Date for the Terminating Fund which is the last trading day of each week and of each calendar month in which the Toronto Stock Exchange is open for business or such other business day as Arrow may determine. Redemptions can be made on the Valuation Date for the Terminating Fund which is the last trading day of each calendar month in which the Toronto Stock Exchange is open for business or such other business day as Arrow may determine. Redemption orders for the Terminating Fund must be received by the Arrow prior to 4:00pm (Eastern time) at least twenty business days prior to the redemption trade date.</p> <p>Purchases and redemptions for the Continuing Fund can be made any business day as long as the order is received by 4:00pm on that day.</p>

Additional details of the Arrow Canadian Advantage Alternative Class are attached as Schedule B.

#### **AUTHORIZATION BY UNITHOLDERS**

In order to carry out the proposed Merger, the unitholders of the Terminating Fund must approve the merger of the Terminating Fund into the Continuing Fund. By approving the Merger, unitholders of the Terminating Fund also will be authorizing any director or officer of Arrow to take all such steps as may be necessary or desirable to give effect to the Merger. Under such authority, Arrow will make such other changes to the Terminating Fund immediately prior to the Merger as may be necessary to fulfill regulatory and other requirements.

To give effect to the foregoing, unitholders of the Terminating Fund are being asked to pass the resolution set out in Schedule A to this Management Information Circular.

To be approved, the resolution set out in Schedule A to this Management Information Circular requires the affirmative vote of not less than a majority of the votes cast by unitholders of the Terminating Fund at the Special Meeting.

Any unitholder of the Terminating Fund who does not wish to participate in the Merger into the Continuing Fund can at any time up to 4 p.m. (Toronto time) on June 30, 2020 redeem his or her units of the Terminating Fund and receive the net asset value in accordance with the procedures for the Terminating Fund. The notice period will be waived. In addition, immediately following completion of the Merger, an investor, as a shareholder of the Continuing Fund, may redeem his or her shares and receive the net asset value therefor.

## RECOMMENDATION REGARDING THE MERGER

For the reasons set out above under the sub-heading “*Reasons for the Merger*”, Arrow strongly recommends that unitholders of the Terminating Fund vote **FOR** the proposed resolution.

## INCOME TAX CONSIDERATIONS REGARDING THE MERGER

This is a general summary of the principal Canadian federal income tax consequences of the Merger relevant to a unitholder of the Terminating Fund who, for purposes of the Tax Act, is an individual (other than a trust) resident, or is deemed to be a resident, in Canada, deals arm’s length and is not affiliated with the Terminating Fund or the Continuing Fund and who holds units of the Terminating Fund and will hold shares of the Continuing Fund as capital property (a “**Resident Unitholder**”). Generally, securities of the Merging Funds will be considered capital property to a holder provided that the holder does not hold the securities in the course of trading or dealing in securities and has not acquired the securities in one or more transactions considered to be an adventure or concern in the nature of trade. Certain investors can file an election to treat all future dispositions of certain property, including units of the Terminating Fund or shares of the Continuing Fund, as capital property. This description is based on the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and Arrow’s understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (“**CRA**”). Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative action or decision, or changes in the administrative practices of the CRA, nor does it consider provincial, territorial or foreign income tax legislation or considerations.

This summary is based on the assumption that the Terminating Fund is and will continue to be a “mutual fund trust” and is not a “SIFT Trust” within the meaning of the Tax Act and the Continuing Fund is and will continue to be a class of shares of a “mutual fund corporation” within the meaning of the Tax Act and the Regulations at all material times.

The summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular unitholder. Accordingly, unitholders should consult with their own tax advisors for advice with respect to the tax consequences of the Merger having regard to their own particular circumstances.

### Redemption of Units Prior to Merger

A Resident Unitholder who redeems units of the Terminating Fund on or before the date of the Merger will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the aggregate of the Resident Unitholder’s adjusted cost base of the units redeemed and any reasonable costs of disposition. A Resident Unitholder must include one-half of a capital gain (a “**taxable capital gain**”) in income. One-half of a capital loss (an “**allowable capital loss**”) realized by a Resident Unitholder in a taxation year must be deducted against taxable capital gains realized by the Resident Unitholder in that year. Allowable capital losses in excess of taxable capital gains realized in any year may, subject to certain limitations under the Tax Act, be carried-back three years or forward indefinitely for deduction against net taxable capital gains realized in those years. Capital gains realized by an individual may give rise to liability for alternative minimum tax.

If units are held by a Registered Plan, capital gains realized on a redemption of units will generally be exempt from tax until withdrawn from the Registered Plan (other than a tax-free savings account or certain withdrawals from a registered education savings plan or a registered disability savings plan).

### **Tax Consequences of the Merger**

A Resident Unitholder of the Terminating Fund who is not exempt from tax under the Tax Act (an “**Eligible Holder**”) may make a joint Tax Election (as defined under the heading “*Procedure for Tax Election*”) with the Company pursuant to section 85 of the Tax Act and thereby obtain a full or partial tax-deferred “rollover” for Canadian income tax purposes. So long as, at the time of Merger, the adjusted cost base to an Eligible Holder of its units of the Terminating Fund equals or exceeds the value of the shares of the Continuing Fund received on the Merger by such Eligible Holder, the Eligible Holder may select an “Elected Amount” so as to not realize a capital gain for the purposes of the Tax Act on the exchange. The “Elected Amount” means the amount selected by an Eligible Holder and agreed to by the Company as described below under the heading “*Procedures for Tax Election*”, subject to the limitations in the Tax Act as described below, in the election made pursuant to section 85 of the Tax Act to be treated as the proceeds of disposition of the units of the Terminating Fund.

In general, the Elected Amount must comply with the following rules:

- (a) the Elected Amount may not be less than the lesser of the adjusted cost base to the Eligible Holder of the units of the Terminating Fund, determined at the time of the Merger, and the fair market value of the units of the Terminating Fund at the time of the Merger; and
- (b) the Elected Amount may not exceed the fair market value of the units of the Terminating Fund at the time of the Merger.

Elected Amounts which do not otherwise comply with the foregoing limitations will automatically be adjusted under the Tax Act so that they are in compliance.

Where an Eligible Holder and the Company make an election at an Elected Amount that complies with the above rules, the tax treatment to the Eligible Holder generally will be as follows:

- (a) the units of the Terminating Fund will be deemed to have been disposed of by the Eligible Holder for proceeds of disposition equal to the Elected Amount;
- (b) if such proceeds of disposition of the units of the Terminating Fund are equal to the aggregate of the adjusted cost base thereof to the Eligible Holder of the units of the Terminating Fund, determined at time of the disposition, and any reasonable costs of disposition, no capital gain or capital loss will be realized by the Eligible Holder;
- (c) to the extent that such proceeds of disposition of the units of the Terminating Fund exceed (or are less than) the aggregate of the adjusted cost base thereof to the Eligible Holder and any reasonable costs of disposition, the Eligible Holder will in general realize a capital gain (or capital loss);
- (d) the cost to the Eligible Holder of the shares of the Continuing Fund received as proceeds of the Merger will be equal to the Elected Amount.

The cost of shares of the Continuing Fund so acquired will be averaged with the adjusted cost base of all other shares of the same series of the Continuing Fund held by the Eligible Holder as capital property for

the purpose of determining thereafter the adjusted cost base of each share of the same series of the Continuing Fund, as the case may be, held by such Eligible Holder.

The Merger will result in a taxation year-end for the Terminating Fund. As a result, immediately prior to the time of the Merger, the Terminating Fund will distribute a sufficient amount of its net income (including net realized capital gains) to ensure that it will not be subject to tax under Part I of the Tax Act for the taxation year ending on the date of the Merger. Resident Unitholders of the Terminating Fund will receive a statement for income tax purposes identifying the Unitholder's share of the Terminating Fund's income for the taxation year ending on the date of the Merger. Generally, the income allocated to the Resident Unitholder, as set out in the statement, must be included in the Resident Unitholder's income for the taxation year of the Resident Unitholder in which the Merger occurs. If units are held in a Registered Plan, distributions from the Terminating Fund will generally be exempt from tax until withdrawn from the Registered Plan (other than TFSA's or certain withdrawals from RDSPs or RESPs).

### **Procedure for Tax Election**

The Company will make a joint election with Eligible Holders who receives shares of the Continuing Fund in satisfaction of such holder's proceeds of the Merger under subsection 85(1) or 85(2) of the Tax Act (and, in either case, the corresponding provision of any applicable provincial income tax legislation) (a "**Tax Election**") only if the unitholder is an Eligible Holder at all relevant times and the Eligible Holder has duly completed and forwarded to the Company a package of documents described below (the "**Tax Election Documents**") in the manner and within the time set out below. No Tax Election will be made with any unitholder who is not an Eligible Holder. An Eligible Holder who completes the Tax Election Documents and forwards such documents to the Company will be considered to have represented to the Company that the holder is an Eligible Holder.

In order to make a Tax Election, a unitholder may either obtain the Tax Election Documents from the Company, his or her tax advisor or obtain the election forms directly from the CRA and the relevant provincial tax authority. An Eligible Holder wishing to obtain the Tax Election Documents from the Company may visit the Company's website at [www.arrow-capital.com](http://www.arrow-capital.com) and follow the instructions therein. The Tax Election Documents consist of:

- (a) two copies of CRA Form T2057;
- (b) if the Eligible Holder is required to file income tax returns in Québec, then two copies of the Québec Tax Election Form TP-518-V; and
- (c) a set of general instructions.

The duly completed Tax Election Documents, together with any required supporting schedules and a self-addressed, stamped envelope, must be signed and forwarded by an Eligible Holder to the Company, no later than December 31, 2020 (the "**Election Deadline**"). The Company will not execute any Tax Election received by the Company after the Election Deadline. Any Eligible Holder who does not ensure that the Company has received duly completed Tax Election Documents on or before the Election Deadline will not be able to benefit from the "rollover" provisions in subsections 85(1) and 85(2) of the Tax Act or their provincial equivalents.

The Company will agree to execute any properly completed Tax Election contained in Tax Election Documents received by the Company from an Eligible Holder on or prior to the Election Deadline and to send such Tax Election Documents by mail for filing with the appropriate tax authorities. The Company

will provide an Eligible Holder with a copy of such Tax Election Documents as executed by the Company. In order for the CRA (and where applicable the Ministère du Revenu du Québec) to accept the Tax Election Documents without a late filing penalty being paid by an Eligible Holder, the Tax Election Documents, duly completed and executed by both the Eligible Holder and the Company, must be received by such taxation authorities on or before the day that is the earliest date on or before which either the Company or the Eligible Holder is required to file an income tax return for the taxation year in which such Eligible Holder's units of the Terminating Fund are disposed of pursuant to the rollover option. The Company has a December 31 taxation year-end and is required to file income tax returns by six months following such year end. Eligible Holders may have an earlier deadline for filing the Tax Election Documents with the CRA. In such a case the Eligible Holder must file the Tax Election on or prior to such earlier deadline in order to avoid late filing penalties, which may be before the December 31, 2020 Election Deadline set by the Company. Communication to the Company of this earlier deadline as soon as possible is important to avoid late filing penalties being charged to the Eligible Holder.

If units of the Terminating Fund are held in joint ownership and two or more of the co-owners wish to elect, one of the co-owners designated for such purpose should file the designation and a copy of CRA Form T2057 (and where applicable, the corresponding provincial form) for each co-owner along with a list of all co-owners electing, which list should contain the address and social insurance number, trust number or business number of each co-owner.

Compliance with the requirements to ensure the validity of a Tax Election, including any new or different requirements in effect after the date hereof, will be the sole responsibility of the Eligible Holder making the election. The Company will not be responsible for the proper completion of any Tax Election and, except for the Company's obligation to execute and mail the Tax Election Documents received on or before the Election Deadline, the Eligible Holder will be solely responsible for the payment of any late filing penalty. The Company will not be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to properly complete any Tax Election, nor will the Company be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to properly file any Tax Election form in the prescribed form and manner and within the time prescribed in the Tax Act and the corresponding provisions of any applicable provincial income tax legislation (except any failure of the Company to execute and mail the Tax Election Documents provided such duly completed Tax Election Documents were received by the Company by December 31, 2020). The Company reserves the right, in its sole discretion, to reject a purchaser's Tax Election if the Company determines in its sole discretion that the Tax Election Documents are improperly completed. Purchasers are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R3 issued by the CRA for information respecting the Tax Election (and, where applicable, Interpretation Bulletin IMP 521.2-1 issued by the Ministère du Revenu du Québec).

The comments herein concerning the Tax Elections are provided for general assistance only. The rules in this area are complex and the law contains limitations and numerous technical requirements. Unitholders wishing to avail themselves of the Tax Election should consult their tax advisors.

### **Tax Consequences of Investing in the Continuing Fund**

The following portion of the summary outlines certain income tax considerations under the Tax Act relevant to the acquisition, holding and disposition of shares of the Continuing Fund to a Resident Unitholder who acquires shares of the Continuing Fund on the Merger.

As a mutual fund corporation, Exemplar Portfolios Ltd. can have three types of income: Canadian dividends, taxable capital gains and other net taxable income. Canadian dividends are subject to a 38 1/3% tax, which is fully refundable on a formula basis when ordinary taxable dividends are paid by the corporation to its shareholders. Taxable capital gains are subject to tax at full corporate income tax rates. This tax is refundable either by paying capital gains dividends to shareholders or through the capital gains redemption formula. Other income is subject to tax at full corporate income tax rates and is not refundable. Mutual fund corporations do not qualify for reduced corporate tax rates that are available to other corporations for certain types of income.

Exemplar Portfolios Ltd. must include the revenues, deductible expenses, and capital gains and losses of all of its investment portfolios when it calculates its taxable income. The Continuing Fund, on a discretionary basis, allocate the income or loss of Exemplar Portfolios Ltd., and the applicable taxes payable and recoverable to each of its respective share classes. Exemplar Portfolios Ltd. may pay ordinary taxable dividends or capital gains dividends to shareholders of any class in order to receive a refund of taxes on Canadian dividends and capital gains taxes under the refund mechanisms described above. The Continuing Fund may earn income from various sources including capital gains, dividends and ordinary income.

### ***Types of Income from the Continuing Fund***

Your investment in the Continuing Fund can generate income for tax purposes in two ways:

- **Dividends.** When Exemplar Portfolio Ltd. earns Canadian dividend income from its investments or realizes a net capital gain by selling securities, it may pass these amounts on to you as dividends.
- **Capital gains (or losses).** You can realize a capital gain (or loss) when you sell or switch your shares of the Fund (including a switch of shares of one Fund for shares of another fund) for more (or less) than you paid for them. Generally, switching one series of shares to another series of shares of the same Fund will not result in a disposition for tax purposes.

### ***Continuing Fund held in Registered Plans***

Shares of the Continuing Fund are qualified investments for Registered Plans.

For these purposes, a registered plan means a trust governed by such plans as:

- Locked-in Retirement Accounts (LIRAs);
- Registered Retirement Savings Plans (RRSPs);
- Locked-in Registered Retirement Savings Plans (LRSPs);
- Registered Retirement Income Funds (RRIFs);
- Locked-in Retirement Income Funds (LRIFs);
- Life Income Funds (LIFs);
- Deferred Profit Sharing Plans (DPSPs);
- Registered Education Savings Plans (RESPs);
- Prescribed Retirement Income Funds (PRIFs);
- Tax-Free Savings Accounts (TFSA);
- Registered Disability Savings Plans (RDSPs); or
- Québec Education Savings Incentive (QESI), (each a “**Registered Plans**”).



Note that not all registered plans are available in all provinces or territories. The shares of the Continuing Fund may be eligible for other registered plans offered through your representative's firm.

If you hold shares of the Continuing Fund in a Registered Plan, you generally pay no tax on dividends paid from the Continuing Fund on those shares or on any capital gains that your Registered Plan realizes from selling, redeeming or switching shares (including a switch of shares of one Continuing Fund for shares of another fund). However, withdrawals from Registered Plans (other than TFSAs and certain withdrawals from RESPs or RDSPs) are generally taxable at your personal tax rate. Holders of TFSAs and RDSPs, annuitants of RRSPs and RRIFs, and subscribers of RESPs should consult with their tax advisors as to whether securities of the Continuing Fund would be a "prohibited investment" under the Tax Act in their particular circumstances.

You are responsible for determining the income tax consequences to you of acquiring shares of the Continuing Fund through Registered Plans and neither the Continuing Fund nor Arrow assumes any liability to you as a result of making the shares of the Continuing Fund available for investment. If you choose to purchase or hold shares of the Continuing Fund through a Registered Plan, you should consult your own professional advisor regarding the tax treatment of contributions to, withdrawals from and acquisitions of property by such Registered Plan.

### ***Continuing Fund held in Non-Registered Accounts***

If you hold shares of the Continuing Fund in a non-registered account, you must include the following in calculating your income each year:

- Any dividends paid to you by Exemplar Portfolios Ltd., whether you receive them in cash or you reinvest them in shares of the Continuing Fund. These dividends (which must be computed in Canadian dollars) may include ordinary taxable dividends or capital gains dividends. Ordinary taxable dividends are subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations and include "eligible dividends" which are subject to an enhanced gross-up and dividend tax credit. Capital gains dividends are treated as capital gains realized by you. In general, you must include one-half of the amount of a capital gain in your income for tax purposes.
- 50% of any capital gains you realize from selling or redeeming your shares (including to pay fees described in this document) or switching your shares (including a switch of shares of the Continuing Fund for shares of another fund) when the value of the shares is greater than their adjusted cost base plus reasonable costs of disposition (including any redemption fees). If the value of shares sold is less than their adjusted cost base plus reasonable costs of disposition (including any redemption fees), you will have a capital loss. You must use 50% of capital losses that you realize to offset the taxable portion of capital gains realized in the same year. 50% of the unused capital losses can be carried back three years and forward indefinitely to offset the taxable capital gains in those years in accordance with detailed rules of the Tax Act.
- Generally, the amount of any management fee rebates paid to you, and the amount of any management fee distributions paid to you (which are out of a fund's income or capital gains). However, an election may be available in certain circumstances that allows you to reduce the adjusted cost base of the respective securities by the amount of the management fee rebate that would otherwise be included in income. You should consult with your tax advisor regarding the availability of this election in your particular circumstances.

We will issue a tax slip to you each year for Exemplar Portfolios Ltd. that shows the taxable amount of your dividends and any federal dividend tax credit that applies, as well as any capital gains dividends paid by Exemplar Portfolios Ltd. Dividends and capital gains dividends declared by the Continuing Fund and capital gains realized on the disposition of shares may give rise to alternative minimum tax. You should consult your tax advisor about the tax treatment in your particular circumstances of any investment advisory fees you pay to your financial advisor when investing in the Continuing Fund and any management fee distributions paid to you.

## **SECURITIES OF THE FUNDS AND PRINCIPAL UNITHOLDERS**

As at May 31, 2020, 463,579 units of the Terminating Fund were issued and outstanding.

As at May 31, 2020, to the knowledge of the directors and officers of Arrow no person or company beneficially owns, directly or indirectly, or exercises control or direction over, units carrying more than 10% of the voting rights attached to the units of the Terminating Fund entitled to vote at the Special Meeting, except for the following:

Unitholder	Number of Units Held	Type of Ownership	Percentage of Fund
Frederick Dalley	92,584.682	Of record and beneficial	20.0%

## **MANAGEMENT OF THE TERMINATING FUND**

Pursuant to the management agreement with the Terminating Fund, Arrow acts as manager of the Terminating Fund and is responsible for the day-to-day business of the Terminating Fund, including the management of the investment portfolios of the Terminating Fund.

The Terminating Fund is responsible for the payment of all fees and expenses relating to its establishment and operation, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising and promotional expenses which are paid for by the manager), record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of the units, providing financial and other reports to unitholders and convening and conducting meetings of unitholders, all taxes, assessments or other governmental charges levied against the Terminating Fund, interest and all brokerage and other fees relating to the purchase and sale of the assets of the Terminating Fund. Each class of units is responsible for the operating expenses incurred by the Terminating Fund relating to the offering of units and the expenses specifically related to that class and a proportionate share of expenses that are common to all classes of units.

The address of Arrow is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

## **APPROVAL BY THE MANGER OF THE TERMINATING FUND**

The contents and the sending of this Management Information Circular to unitholders of the Terminating Fund has been approved by Arrow, as manager and trustee of the Terminating Fund.

DATED at Toronto, Ontario, this 1st day of June, 2020.

ARROW CAPITAL MANAGEMENT INC., as manager  
and trustee of Broadview Dark Horse Long/Short Fund

(Signed) James L. McGovern

**SCHEDULE "A"**

**FORM OF SPECIAL RESOLUTION OF THE UNITHOLDERS OF THE BROADVIEW DARK HORSE LONG/SHORT FUND**

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the merger (the "Merger"), in the manner described in the Management Information Circular dated June 1, 2020 of the Broadview Dark Horse Long/Short Fund into the Arrow Canadian Advantage Alternative Class is approved;
2. Arrow Capital Management Inc. as manager of Broadview Dark Horse Long/Short Fund may, in its discretion, elect to not proceed with the Merger; and
3. any director or officer of Arrow Capital Management Inc. is authorized to take all such steps as may be necessary or desirable to give effect to the foregoing.

## **SCHEDULE “B”**

Below is a description of the Continuing Fund. Additional information about the Continuing Fund is available in the following documents:

- the annual information form;
- the most recently filed fund facts;
- the most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into the simplified prospectus, which means that they legally form part of the simplified prospectus just as if they were printed as a part of the simplified prospectus. You may obtain a copy of these documents, at your request, and at no cost, by calling us toll free at 1 (877) 327-6048 or (416) 323-0477, or from your dealer or by email at [info@arrow-capital.com](mailto:info@arrow-capital.com). You will also find these documents on the Continuing Fund’s website [www.arrow-capital.com](http://www.arrow-capital.com).

These documents and other information about the Continuing Fund are also available on the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval, established by the Canadian Securities Administrators) at [www.sedar.com](http://www.sedar.com).

## ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

### FUND DETAILS

<b>Type of Fund:</b>	Alternative Fund
<b>Inception Date:</b>	Series A – March 18, 2008                      Series F – March 18, 2008 Series L – January 10, 2012
<b>Securities Offered:</b>	Shares of a mutual fund corporation – Series A, F and L Shares
<b>Eligibility for Registered Plans:</b>	Yes
<b>Portfolio Advisor:</b>	Arrow Capital Management Inc.

### WHAT DOES THE FUND INVEST IN?

#### *Investment Objective*

The investment objective of the Arrow Canadian Advantage Alternative Class is to achieve superior capital appreciation over both short and long term horizons primarily through the selection and management of a concentrated group of long and short positions in Canadian equity securities and equity derivative securities.

The fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The fund's leverage shall not exceed the limits on the use of leverage described in the "Investment Strategies" section in the Simplified Prospectus or as otherwise permitted under applicable securities legislation.

Shareholder approval (given by a majority of votes cast at a meeting of shareholders) is required prior to a change of investment objective.

#### *Investment Strategies*

The Fund will invest predominantly in large- and mid-capitalization Canadian companies. The Fund may also invest in bonds, other debt instruments, commodities and currencies 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 also invest in options, including put options or call options either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility. The Fund may also invest in foreign securities. It is currently expected that investments in foreign securities will generally be no more than 49% of the Fund's assets.

The Fund will engage in short selling of securities which the portfolio manager believes are overvalued, especially securities of issuers with deteriorating fundamentals and weak balance sheets. Short positions of index securities such as exchange traded funds may also be employed for capital preservation and hedging purposes. In accordance with relief granted the Fund, short selling positions will not in total exceed 100% of the Net Asset Value of the Fund.

The Fund may hold cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the portfolio 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 invest in derivatives for hedging and non-hedging purposes as permitted by applicable securities laws. The Fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

**Equities.** The Fund will invest its assets in publicly listed global equity securities, though it is anticipated that the majority of the securities traded by the Fund will be issued by companies domiciled in Canada and the United States. The Portfolio Advisor will have a variable bias and will generally look to include both long and short positions in the Fund's portfolio. Global sector trades, including pairs trading, trades based on events and special situations will also be utilised. Pairs trading is the buying and selling of two securities in an attempt to gain from the convergence of the relative value differences between them.

The Portfolio Advisor will employ short-term trading in an attempt to achieve high economic return. Generally, the Fund's portfolio will be comprised of securities of large capitalization. The Portfolio Advisor will also trade, from time to time, the securities of small capitalization issuers.

**Fixed Income.** The Fund will invest long and short in securities of issuers identified as attractive or unattractive investment candidates, and may include high yield bonds, corporate bonds, government treasury securities, credit ETFs and treasury futures.

**Commodities.** The Fund will invest in various financial instruments that will provide exposure to agricultural, energy and base or precious metals. Exposure to commodity prices can be indirect through the equity or fixed income of a resource company, or directly through the use of derivatives, such as options, futures, forwards or swaps.

**Currencies.** The Fund will engage in forward contracts and/or hold foreign currency for hedging purposes and for non-hedging purposes to participate in foreign markets. Exchange rate exposures will be actively managed with the Fund having possible exposure to one or more foreign currencies at any one time. A forward contract is an obligation to purchase or sell an underlying asset, including currency and stocks, for an agreed price at a future date.

**Short Selling.** The Portfolio Advisor utilizes an opportunistic approach to shorting individual stocks as well as using index options or futures, as a means of attempting to reduce risk and increase performance. Short selling of securities involves the sale of securities which the Fund does not own. To effect a short sale, the Fund borrows securities from a third party in order to make delivery to the purchaser. The Fund returns the borrowed securities to the lender by purchasing the securities in the open market. A short seller must generally pledge other securities or cash as collateral for the short position. Collateral may be increased or decreased in response to changes in the market price of the borrowed securities. The Fund will be required to pay brokerage commissions to execute short sales and may be required to pay a premium to the lender of the securities, which would increase the cost of the securities sold. Until the borrowed securities are replaced, the Fund generally will be required to pay the lender amounts equal to any dividends or interest that accrue on the securities borrowed during the period of the loan.

Stocks are shorted for a variety of reasons including (i) temporary overvaluation due to short-term market euphoria for a sector; (ii) faulty business model; (iii) poor earnings; (iv) questionable accounting practices; (v) deteriorating fundamentals; and (vi) weak management unable to adapt to changes in regulation or the competitive environment. Technical analysis will also be used to help in the decision making process. The Portfolio Advisor believes that by opportunistically trading the securities of

companies that are experiencing any one or more of these elements, it should be able to identify profitable short sale candidates in most stock market environments.

The Fund may engage in short selling, subject to certain limits and conditions, including the following:

- the aggregate market value of all securities sold short by the Fund will not exceed 100% of the total net assets of the Fund;
- the aggregate market value of all securities of any particular issuer sold short by the Fund will not exceed 10% of the total net assets of the Fund;
- the Fund will not deposit collateral with a dealer in Canada unless the dealer is registered in a jurisdiction of Canada and is a member of IIROC; and
- the Fund will not deposit collateral with a dealer outside Canada unless that dealer (a) is a member of a stock exchange that requires the dealer to be subjected to a regulatory audit; and (b) has a net worth in excess of \$50 million.

**Derivatives.** The Portfolio Advisor believes in the judicious use of derivative securities, primarily publically listed options and futures. Derivatives can be used in many ways such as to increase market exposure (leverage), to reduce overall market exposure (hedge), to increase the portfolio's current income, or to reduce the cost basis of a new position. The Portfolio Advisor may also utilize certain derivatives, such as various types of index or "market basket" derivatives, in an effort to hedge against certain market-related risks, as it deems appropriate. The Portfolio Advisor believes that the use of derivatives should help reduce risk and enhance investment performance.

**Leverage.** When the Portfolio Advisor deems it appropriate to do so, it may increase the number and extent of its "long" positions by borrowing. Entering into short sales also increases the Fund's use of leverage. The Fund does not expect that it will incur indebtedness in connection with its operations, other than interest on margin debts or deposits with respect to securities positions.

The Fund is permitted to borrow cash up to a maximum of 50% of its net asset value. The combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 100% of its net asset value.

The Fund may invest up to 20% of its net asset value in securities of a single issuer including exposure to that single issuer through specified derivative transactions or index participation units.

Through the use of cash borrowing, short selling or specified derivatives the aggregate exposure of the Fund, to be calculated as the sum of the following, must not exceed 300% of the Fund's net asset value: (i) the aggregate value of the Fund's outstanding indebtedness under and borrowing agreements; (ii) the aggregate market value of all securities sold short by the Fund; and (iii) the aggregate notional amount of the Fund's specified derivatives positions minus the aggregate notional amount of the specified derivative positions that are hedging purposes transactions.

The Fund may also invest in other investment funds, including ETFs, that may or may not be managed by the Manager in order to gain indirect exposure to markets, sectors or asset classes. Investments by the Fund in securities of other investment funds may be done directly or indirectly through a specified derivative.



The Fund may engage in securities lending, repurchase and reverse repurchase transactions to earn additional income for the Fund. On any securities lending, repurchase and reverse repurchase transaction, the Fund must, unless it has been granted relief;

- deal only with counterparties who meet generally accepted creditworthiness standards and who are unrelated to the Fund’s portfolio manager, manager or trustee as defined in NI 81-102;
- hold collateral equal to a minimum 102% of the market value of the portfolio securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions);
- adjust the amount of the collateral on each business day to ensure the value of the collateral relative to the market value of the portfolio securities loaned, sold or purchased remains at or above the minimum 102% limit; and
- limit the aggregate value of all portfolio securities loaned or sold through securities lending and repurchase transactions to no more than 50% of the total assets of the Fund (without including the collateral for loaned securities and cash for sold securities).

Depending on market conditions, the Portfolio Advisor’s investment style may result in a higher portfolio turnover rate than less actively managed funds. Generally the higher a fund’s portfolio turnover rate, the higher its trading expenses. The higher the portfolio turnover rate, the greater the probability that you will receive a distribution of capital gains from the Fund, which may be taxable if you hold the Fund outside a registered plan. There is no proven relationship between a high turnover rate and the performance of a mutual fund.

The specific strategies that differentiate this Fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes, increased ability to sell securities short, and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund’s investment objective and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value. Please also refer to the explanation of these risks under “Derivatives Risk”, “Short Selling Risk” and “Leverage Risk” in the “What are the Risks of Investing in a Mutual Fund?” section of the simplified prospectus.

As Manager of the Fund, we may change the investment strategies from time to time, but will give Fund investors notice of our intention to do so if it would be a material change as defined in NI 81-106. Under NI 81-106, a change in the business, operations or affairs of the Fund is considered to be a “material change” if a reasonable investor would consider it important in deciding whether to purchase or continue to hold shares of the fund.

**WHAT ARE THE RISKS OF INVESTING IN THE FUND?**

The Fund may be exposed to all of the risks which are described starting on page 3 of the simplified prospectus. The following table shows how the risks apply to the Fund:

	Primary Risk	Secondary Risk	Low or Not a Risk
Borrowing	•		
Change in Legislation		•	
Collateral		•	
Commodity	•		
Concentration		•	

Counterparty Default		•	
Credit	•		
Currency	•		
Derivatives	•		
Equity	•		
ETF		•	
Failure of Futures Commission Merchant		•	
Foreign Investment	•		
Forward and OTC Option Contract		•	
Interest Rate	•		
Large Redemption		•	
Leverage	•		
Liquidity		•	
Margin		•	
Market	•		
Operational		•	
Securities Lending		•	
Series		•	
Share Class		•	
Short Selling	•		
Small Company		•	
Tax		•	
Underlying Fund	•		

## INVESTMENT RISK CLASSIFICATION METHODOLOGY

Arrow has rated this Fund’s risk as medium.

The risk rating assigned to the Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Fund, as measured by the 10-year standard deviation of the returns of the Fund.

The methodology and investment risk rating categories are further described under “*Investment Risk Classification Methodology*” in the simplified prospectus.

There may be times when we believe this methodology produces a result that does not reflect the Fund’s risk based on other qualitative factors. As a result, we may place the Fund in a higher risk rating category, but the Fund can never be placed in a lower risk rating category.

## WHO SHOULD INVEST IN THE FUND?

This Fund is suitable for investors who seek medium to long term growth through a diversified portfolio of equity and fixed income securities. To invest in this Fund, investors should be able to accept a medium degree of risk.

To recognize a reasonable rate of return, investors should be prepared to invest for medium to long periods of time.

## **DIVIDEND POLICY**

The Fund intends to pay ordinary taxable dividends and capital gains dividends, if any, at the end of each taxation year (normally December 31). All annual dividends paid on Series A and F shares will be automatically reinvested in additional shares of the series on which they are paid.

The dividends by way of reinvested shares are subject to the same fees and expenses as purchased shares; whereas if you receive cash dividends the cash received would not be subject to such fees and expenses.

For more information about dividends, see “*Specific Information About the Alternative Mutual Funds Described in this Document – Dividend Policy*” on page 35 of the simplified prospectus.

***The dividend rate on a series of shares of the Fund may be greater than the return on the Fund’s investments. Any dividends made to you that exceed, in aggregate, the net increase in value of your investment, represent a return of your capital back to you.***

For more information about dividends and tax considerations, see “*Income Tax Considerations for Investors*” in the simplified prospectus.

The Fund may at its discretion change its dividend policy from time to time.

## **FUND EXPENSES INDIRECTLY BORNE BY INVESTORS**

You do not pay the Fund expenses directly, but they will reduce the Fund’s returns. The following table is intended to help you compare the cumulative cost of investing in the Fund with the cost of investing in other mutual funds.

This example assumes that (i) you invest \$1,000 in Series A shares of the Fund for the time periods indicated and then sell all of your shares at the end of those periods; (ii) your investment has an annual 5% return; and (iii) the management fees and operating expenses would be the same throughout the ten-year period.

Although your actual costs may be higher or lower based on these assumptions, your costs would be:

<b>Expenses Payable Over</b>	One Year	\$25.07
	Three Years	\$79.13
	Five Years	\$138.86
	Ten Years	\$317.06

See “*Fees and Expenses Payable by the Funds*” in the simplified prospectus for more information about the costs of investing in the Fund.