



UNAUDITED FINANCIAL STATEMENTS

JUNE 2019

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS (formerly Exemplar Diversified Portfolio)

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(formerly Exemplar Diversified Portfolio)

Statements of Financial Position

As at	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Financial assets at fair value through profit and loss		
Options - long	\$15,928	\$23,411
Unrealized gain on futures contracts - long	313,841	317,592
Unrealized gain on futures contracts - short	30,220	860,536
Cash and cash equivalents	5,212,197	15,998,803
Margin deposits	3,141,850	6,733,561
Receivable for redeemable shares issued	-	64,814
	8,714,036	23,998,717
LIABILITIES		
Current liabilities		
Financial liabilities at fair value through profit and loss		
Unrealized loss on futures contracts - long	19,811	34,161
Unrealized loss on futures contracts - short	130,345	186,177
Margin loans	58,241	70,499
Payable for redeemable shares redeemed	1,100	769
Other liabilities (note 8)	93,412	45,595
	302,909	337,201
Net assets attributable to holders of redeemable shares	\$8,411,127	\$23,661,516
Net assets attributable to holders of redeemable shares		
Series A	\$1,043,873	\$1,199,141
Series F	\$7,147,624	\$7,890,005
Series I	\$8,852	\$1,846,817
Series L	\$149,888	\$566,743
Series R	\$60,890	\$12,158,810
Number of redeemable units outstanding (note 7)		
Series A	131,987	148,707
Series F	822,621	895,368
Series I	1,069	221,635
Series L	22,061	81,720
Series R	10,009	1,983,916
Net assets attributable to holders of redeemable units per unit		
Series A	\$7.91	\$8.06
Series F	\$8.69	\$8.81
Series I	\$8.28	\$8.33
Series L	\$6.79	\$6.94
Series R	\$6.08	\$6.13

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

"James L. McGovern"

James L. McGovern, Director

"Robert W. Maxwell"

Robert W. Maxwell, Director

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

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(formerly Exemplar Diversified Portfolio)

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

	2019 \$	2018 \$
INCOME		
Net gains (losses) on investments and derivatives:		
Net realized gain (loss) on futures	261,242	(2,825,968)
Net realized gain (loss) on investments and derivatives	(504)	(168,232)
Net change in unrealized appreciation (depreciation) in value of futures	(763,886)	(660,715)
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	(19,811)	131,100
Net gains (losses) on investments and derivatives	(522,959)	(3,523,815)
Other income items:		
Interest on cash	109,230	173,227
Foreign exchange gain (loss)	18,145	(12,668)
Net change in unrealized foreign exchange gain (loss)	(76,772)	47,835
Total net income (loss)	(472,356)	(3,315,421)
EXPENSES		
Management fees (note 8)	62,038	157,382
Performance fees (note 8)	1,504	-
Securityholder reporting fees	75,561	58,794
Audit fees	12,510	13,617
Legal fees	14,179	7,013
Independent Review Committee fees	2,921	3,312
Commissions and other portfolio transaction costs (note 9)	84,302	217,408
Harmonized sales tax	20,694	29,923
Total expenses	273,709	487,449
Increase (decrease) in net assets attributable to holders of redeemable shares	(746,065)	(3,802,870)
Increase (decrease) in net assets attributable to holders of redeemable shares		
Series A	(22,796)	(194,733)
Series F	(108,480)	(1,043,382)
Series I	12,612	(189,472)
Series L	(7,501)	(93,485)
Series R	(619,900)	(2,281,798)
Increase (decrease) in net assets attributable to holders of redeemable shares per unit (note 11)		
Series A	(0.16)	(1.01)
Series F	(0.13)	(1.06)
Series I	0.07	(0.92)
Series L	(0.14)	(0.89)
Series R	(1.60)	(0.74)

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

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(formerly Exemplar Diversified Portfolio)

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares
For the periods ended June 30,

		2019 \$	2018 \$
Net assets attributable to holders of redeemable units at beginning of period			
	Series A	1,199,141	1,905,162
	Series F	7,890,005	10,093,571
	Series I	1,846,817	1,749,222
	Series L	566,743	877,121
	Series R	12,158,810	18,910,672
		<u>23,661,516</u>	<u>33,535,748</u>
Increase (decrease) in net assets attributable to holders of redeemable shares			
	Series A	(22,796)	(194,733)
	Series F	(108,480)	(1,043,382)
	Series I	12,612	(189,472)
	Series L	(7,501)	(93,485)
	Series R	(619,900)	(2,281,798)
		<u>(746,065)</u>	<u>(3,802,870)</u>
Redeemable units transactions			
Proceeds from redeemable shares issued			
	Series A	-	66,445
	Series F	474,100	357,660
	Series I	120,994	489,115
	Series L	-	-
	Series R	323,090	5,846,002
		<u>918,184</u>	<u>6,759,222</u>
Redemption of redeemable shares			
	Series A	(132,473)	(397,129)
	Series F	(1,108,001)	(1,117,049)
	Series I	(1,971,571)	(54,906)
	Series L	(409,354)	(78,804)
	Series R	(11,801,109)	(1,361,014)
		<u>(15,422,508)</u>	<u>(3,008,902)</u>
Net increase (decrease) from redeemable shares transactions		<u>(14,504,324)</u>	<u>3,750,320</u>
Net increase (decrease) in net assets attributable to holders of redeemable shares		<u>(15,250,389)</u>	<u>(52,550)</u>
Net assets attributable to holders of redeemable shares at end of period			
	Series A	1,043,873	1,379,745
	Series F	7,147,624	8,290,800
	Series I	8,852	1,993,959
	Series L	149,888	704,832
	Series R	60,890	21,113,862
		<u>8,411,127</u>	<u>33,483,198</u>

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WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(formerly Exemplar Diversified Portfolio)

Statements of Cash Flows

For the periods ended June 30,

	2019 \$	2018 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable shares	(746,065)	(3,802,870)
Adjustment for:		
Unrealized foreign exchange (gain) loss on cash and cash equivalents (note 12)	6,025	(6,242)
Net realized (gain) loss on investments and derivatives	504	168,232
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	19,811	(131,100)
Net change in unrealized (appreciation) depreciation in value of futures	763,886	660,715
Purchase of investments and derivatives	(12,327)	(372,434)
Proceeds on sale of investments and derivatives	(505)	162,387
Change in other liabilities	47,817	(8,909)
Change in margin loans	(12,258)	(447,100)
Change in margin deposits	3,591,711	3,632,982
Net cash from (used in) operating activities	3,658,599	(144,339)
Cash flows from (used in) financing activities		
Proceeds from redeemable shares issued	(625,017)	6,768,080
Redemption of redeemable shares	(13,814,163)	(2,937,982)
Net cash from (used in) financing activities	(14,439,180)	3,830,098
Net Increase (decrease) in cash and cash equivalents	(10,780,581)	3,685,759
Cash and cash equivalents at beginning of the period	15,998,803	22,094,083
Unrealized foreign exchange gain (loss) on cash and cash equivalents (note 12)	(6,025)	6,242
Cash and cash equivalents at end of the period	5,212,197	25,786,084
Supplemental information:		
Interest received*	109,230	173,227
*Included as part of cash flows from operating activities		

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

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(Formerly Exemplar Diversified Portfolio)

Schedule of Investment Portfolio – As at June 30, 2019 (Unaudited)

Futures Contracts - Long - 3.6%

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
Bond Futures - 2.5%						
Australian 10 Year Bond Futures	1,000	09-16-19	AUD	19	5,018,567	24,047
Canada 10 Year Bond Futures	1,000	09-19-19	CAD	18	2,572,164	6,894
Long Gilt Futures	1,000	09-26-19	GBP	12	5,200,731	16,996
US 10 Year Treasury Notes Futures	1,000	09-19-19	USD	22	7,373,585	53,896
US 5 Year Treasury Notes Futures	1,000	09-30-19	USD	34	10,521,743	54,295
US Treasury Bond Futures	1,000	09-19-19	USD	12	4,890,187	56,188
						212,316
Commodity Futures - 0.0%						
Cocoa Futures	10	09-13-19	USD	3	95,270	(2,637)
Corn Futures	50	12-13-19	USD	3	84,761	(6,171)
Gasoline RBOB Futures	420	07-31-19	USD	1	104,315	12,667
Gold 100 OZ Futures	100	08-28-19	USD	1	185,131	210
Rubber Futures	5,000	11-25-19	JPY	41	488,037	(3,055)
Soybeans Futures	50	11-14-19	USD	1	60,436	(606)
Soybeans Oil Futures	600	12-13-19	USD	1	22,653	(118)
Wheat Futures	50	09-13-19	USD	3	103,569	(2,734)
						(2,444)
Currency Futures - 0.2%						
Brazil Real Futures	1,000	07-31-19	USD	8	272,386	1,513
Canadian Dollar Futures	1,000	09-17-19	USD	3	300,758	1,467
Euro FX Currency Futures	125,000	09-16-19	USD	1	187,372	180
EURO/GBP Futures	125,000	09-16-19	GBP	6	1,119,886	7,931
Japanese Yen Currency Futures	1,250	09-16-19	USD	7	1,069,198	2,488
Mexican Peso Futures	5,000	09-16-19	USD	28	1,886,904	(557)
						13,022
Index Futures - 0.4%						
DAX Index Futures	25	09-20-19	EUR	1	461,171	12,062
Hang Seng Index Futures	50	07-30-19	HKD	1	238,928	1,718
NASDAQ 100 E-MINI Futures	20	09-20-19	USD	2	403,014	1,494
S&P/TSX 60 Index Futures	200	09-19-19	CAD	2	391,080	(3,800)
S&P 500 E-mini Index Futures	50	09-20-19	USD	4	771,115	4,996
SPI 200 Futures	25	09-19-19	AUD	10	3,015,073	16,365
						32,835
Interest Rate Futures - 0.5%						
90 Day Bank Bills Futures	10,000	09-12-19	AUD	20	36,675,308	4,756
90 Day Bank Acceptance Futures	2,500	09-16-19	CAD	3	735,338	75
90 Day Eurodollar Futures	2,500	09-16-19	USD	98	62,881,382	33,476
90 Day Sterling Futures	1,250	09-18-19	GBP	13	5,362,526	(10)
						38,297
						294,026

Futures Contracts - Short - (1.1%)

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
Bond Futures - (0.3%)						
10 Year mini JGB Futures	100,000	09-11-19	JPY	(18)	(6,729,520)	(7,907)
EURO-BOBL Futures	1,000	09-06-19	EUR	(14)	(5,605,409)	(11,064)
EURO-BUND Futures	1,000	09-06-19	EUR	(3)	(771,676)	(7,996)
						(26,967)
Commodity Futures - (0.7%)						
Canola Futures	20	11-14-19	CAD	(21)	(191,478)	1,292
Coffee Robusta 10 ton Futures	10	09-24-19	USD	(7)	(133,011)	(4,151)
Coffee C Futures	375	09-18-19	USD	(1)	(53,749)	(3,806)
Copper Futures	250	09-26-19	USD	(5)	(444,183)	(15,142)

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(Formerly Exemplar Diversified Portfolio)

Schedule of Investment Portfolio – As at June 30, 2019 (Unaudited)

Cotton No. 2 Futures	500	12-06-19	USD	(12)	(1,038,421)	(2,036)
Crude Palm Oil Futures	25	09-13-19	MYR	(28)	(432,777)	16,027
Lean Hogs Futures	400	08-14-19	USD	(1)	(39,810)	3,719
Live Cattle Futures	400	08-30-19	USD	(11)	(1,202,534)	629
Low Sugar Gasoline Futures	100	08-12-19	USD	(4)	(312,982)	(24,096)
Natural Gas Futures	10,000	02-26-20	USD	(1)	(34,074)	668
Natural Gas Futures	10,000	07-29-19	USD	(4)	(120,898)	3,091
NY Harbor ULSO Futures	420	07-31-19	USD	(2)	(213,338)	(12,760)
Platinum Futures	50	10-29-19	USD	(6)	(330,439)	(8,761)
PRI Aluminium Futures	25	09-16-19	USD	(7)	(410,274)	(6,130)
Silver Futures	5,000	09-26-19	USD	(1)	(100,449)	478
Sugar #11 World Futures	1,120	09-30-19	USD	(4)	(74,039)	733
White Sugar Futures	50	07-16-19	USD	(14)	(602,079)	(3,064)
WTI Crude Futures	1,000	07-22-19	USD	(1)	(76,569)	(7,766)
Zinc Futures	25	09-16-19	USD	(2)	(162,515)	(458)
						(61,533)
Currency Futures - (0.1%)						
Australian Dollar Currency Futures	1,000	09-16-19	USD	(4)	(368,560)	(7,399)
British Pound Currency Futures	625	09-16-19	USD	(4)	(417,386)	(3,143)
EURO/CHF Futures	125,000	09-16-19	CHF	(6)	(1,115,673)	1,895
EURO/JPY Futures	125,000	09-16-19	JPY	(4)	(744,992)	(941)
						(9,588)
Index Futures - 0.0%						
Nikkei 225 Index Futures	500	09-12-19	JPY	(2)	(257,744)	(2,034)
						(2,034)
						(100,122)

Options Bought - 0.2%

Security Name	Strike Price (\$)	Expiry Date	Currency	No. of Contracts	Average Cost (\$)	Fair Value (\$)
Euro-Euribor	100	12-17-19	EUR	300	5,992	1
Euro Dollar	100	09-15-20	USD	300	16,859	9,822
Euro-Euribor	100	12-15-20	EUR	656	12,327	6,105
					35,178	15,928

Total Investments and Derivatives - 2.7%

209,832

Cash and Other Net Assets (Liabilities) - 97.3%

8,201,295

Net Assets Attributable to Holders of Redeemable Shares - 100.0%

8,411,127

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

1. THE FUNDS

Exemplar Portfolios Ltd. (the “Company”) is an open-ended mutual fund corporation incorporated under the Business Corporations Act (Ontario) on March 18, 2008 and amended from time to time. The Company consists of three classes of redeemable mutual fund shares: WaveFront Global Diversified Investment Class (formerly, Exemplar Diversified Portfolio), (the “Fund”), Arrow Canadian Advantage Alternative Class (formerly, Exemplar Canadian Focus Portfolio), and Arrow Global Advantage Alternative Class (collectively, the “Funds”). If the Company cannot satisfy its obligations related to each legally distinct class, it may be required to satisfy such obligations using assets attributable to all classes in the Company. Arrow Capital Management Inc. (“Arrow”) is the manager (“Manager”) and Trustee of the Company. The Manager believes that the risk of such cross-class liability is remote.

The date of inception and series structure of the Fund are as follows:

<u>Date of Inception</u>	<u>Series Information</u>
March 1, 2009	Series A and F
September 14, 2012	Series I and L
November 10, 2015	Series R

The address of the Fund’s registered office is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

WaveFront Global Asset Management Corp., is the fund sub-advisor “Fund Sub-Advisor” of the Fund.

These unaudited interim financial statements present the financial results for one class of shares of the Company, Wavefront Global Diversified Investment Class. The unaudited interim financial statements for the two other classes of the Company, Arrow Canadian Advantage Alternative Class and Arrow Global Advantage Alternative Class are available on SEDAR.

The Statements of Financial Position of the Fund are as at June 30, 2019 and December 31, 2018. The Statements of Comprehensive Income (Loss), Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and Statements of Cash Flows for the Fund are for the six month periods ended June 30, 2019 and 2018, except for any series of the Fund established during either period, in which case the information for the series is provided for the period from the start date of the series to the period then ended. The Schedule of Investment Portfolio for the Fund is as at June 30, 2019.

These financial statements were authorized for issue by the Manager on August 27, 2019.

Changes in Canadian Securities Administration Rules

Amendments to National Instrument 81-102 - *Investment Funds* (“**NI 81-102**”) that became effective January 3, 2019 (“**Alternative Mutual Fund Amendments**”) established alternative mutual funds and repealed large sections of National Instrument 81-104 *Commodity Pools* (“**Former NI 81-104**”). With the Alternative Mutual Fund Amendments, the Fund became an alternative mutual fund which permits the Fund to use strategies generally prohibited to conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage. Former NI 81-104 had permitted mutual funds that were commodity pools (such as the Fund) to be exempt from certain investment restrictions in NI 81-102. With the Alternative Mutual Fund Amendments the Fund can no longer rely on these exemptions. The Fund has received exemptive relief whereby the Fund will be permitted to have aggregate exposure to specified derivative transactions as previously permitted under Former NI 81-104.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

2.1 Basis of Accounting

These unaudited interim financial statements (“financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These financial statements have been prepared under the historical cost convention, except for financial assets and liabilities that have been measured at fair value. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT.

2.2 Foreign Currency Translation

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

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

2.3 Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9.

a) Classification

Assets

The Fund classifies investments based on Fund’s business model for managing the financial assets and the contractual cash flow characteristics of their financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and use that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund’s debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at FVTPL.

Liabilities

The Fund may make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at FVTPL. Derivative contracts that have a negative fair value are presented as liabilities a FVTPL.

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as FVTPL.

The Fund’s policy requires the Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

b) Recognition, Derecognition and Measurement

Regular purchases and sales of financial assets are recognized in the Statements of Financial Position at their trade date – the date on which the Fund commit to purchase or sell the investment. Financial assets and financial liabilities at FVTPL are initially recognized at fair value. Transaction costs are expensed as incurred.

All financial instruments are recognized in the Statements of Financial Position when the Fund becomes a party to the contractual requirements of the instrument.

Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at FVTPL category are recognized in the Statements of Comprehensive Income (Loss) in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' and if a Future in 'Net change in unrealized appreciation (depreciation) in value of futures.

The Fund's accounting policies for measuring the fair value of their investments and derivatives are the same as those used in measuring their net asset value ("NAV") for transactions with shareholders. There were no differences between the net assets attributable to holders of redeemable shares used for reporting purposes under IFRS and that used for transactions with shareholders as at June 30, 2019 or December 31, 2018.

Realized gains and losses on sale of investments and unrealized appreciation or depreciation in investments are determined on an average cost basis excluding commissions and other portfolio transaction costs, which are separately reported in the Statements of Comprehensive Income (Loss) in 'Commissions and other portfolio transaction costs'. Realized gains and losses on securities sold short and unrealized appreciation or depreciation on securities sold short are calculated with reference to the average proceeds of the related securities. Average cost does not include amortization of premiums or discounts on fixed income securities.

c) Financial Instruments - Fair Value Measurement

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

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

d) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. When a Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When a Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

is recorded as a liability. Options held by a Fund are exchange-traded. Subsequent to initial recognition, changes in fair value, the difference between the premium paid or received, and fair value, are presented in 'Net Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss). When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the Statements of Comprehensive Income (Loss) within 'Net realized gain (loss) on investments and derivatives'.

e) Forward Currency Contracts

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

f) Futures Contracts

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

2.4 Offsetting Financial Statements

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

2.5 Due From and To Brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statements of Financial Position date respectively. The due from brokers balance is held for collection. These amounts are recognized initially at fair value and subsequently measured at amortized cost. Amounts due from brokers are presented in "Receivables for securities sold" and amounts due to brokers are presented in "Payables for securities purchased" in the Statements of Financial Position.

2.6 Cash and Cash Equivalents

Cash and cash equivalents which includes cash deposited with financial institutions and short-term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Funds in the management of short-term commitments. Cash and cash equivalents are measured at amortized cost which closely approximates their fair value.

2.7 Margin Deposits

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

2.8 Margin Loans

Margin loans represents cash amounts borrowed under a margin agreement with the Fund's broker and is payable upon demand (if applicable) and is identified in the Fund's Statements of Financial Position as 'Margin Loans'.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

2.9 Investments in Structured Entities

The Fund may invest in underlying funds ("Structured Entities") that are managed by their respective Investment Advisors and whose investment objectives may range from achieving short-term to long-term income and capital growth. Structured Entities may use leverage in a manner consistent with their respective objectives and as permitted by their respective governing regulatory authorities. Structured Entities finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportionate stake in the respective Structured Entity's net assets. The Fund does not provide, and have not committed to provide, any additional significant financial or other support to the Structured Entities. The change in fair value of each of the Structured Entities during the period is included in 'Change in unrealized appreciation (depreciation) of value of investments and derivatives' and 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

2.10 Securities Lending

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

2.11 Commissions and Other Portfolio Transaction Costs

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

2.12 Income and Expense Allocation

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

2.13 Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share

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

2.14 Classification of Redeemable Shares issued by the Funds

The Fund's redeemable shares are multi-series and contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to shareholders is presented at the redemption amount.

2.15 Impairment Policy

At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

30 days past due or a counterparty rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Use of Estimates

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

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair value of such instruments is determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

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

Use of Judgments

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

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial statements.

Assessment as Investment Entity

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

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The investment objective of the Fund is to seek superior long term absolute and risk-adjusted returns with the potential for low correlation to global equity and fixed-income market returns through the selection and management of long and short positions in a globally diversified funds of futures, options, forward contracts and other financial derivative instruments on agricultural and soft commodities, metals, energies, currencies, interest rates and equity indices. 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 permitted under applicable securities legislation.

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk, market risk (including currency risk, price risk and interest rate risk), concentration risk and capital risk management.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

RISK MANAGEMENT

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

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

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn can also increase the potential returns the Fund can achieve. The Fund Sub-Advisor manages these exposures on a daily basis in accordance with investment restrictions that have been established by the Fund to manage the overall potential exposure. Futures and forward contracts and investments to which the Fund may have exposure at any time may be substantially larger than the actual amount invested with the result that the Fund will be exposed to a form of notional leverage. The Fund has received exemptive relief from the regulators whereby the Fund will be permitted to have aggregate exposure to specified derivative transactions as previously permitted under Former NI 81-104. The notional leverage of the Fund, excluding futures on government securities and Euro dollars, is generally between 0% and 300% and can never go above 500%. The notional leverage of the Fund, including futures on government securities and Euro dollars, is typically around 300% but from time to time may be as high as 1,000%. No form of cash leverage is permitted and in the case of government securities and Euro dollars, futures positions are restricted to those that are based on investment grade government securities and Euro dollars.

Credit Risk

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

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

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At June 30, 2019 and December 31, 2018, all amounts due from brokers, cash and cash equivalents are held with counterparties with a credit rating of Bb or higher and are due to be settled within 1 week. Management consider the probability of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

As at June 30, 2019 and December 31, 2018, the Fund had no investments in debt instruments and therefore was not subject to related credit risk.

The Fund is exposed to counterparty credit risk on cash and cash equivalents, margin deposits, derivatives, receivable for securities sold and other receivable balances. The Fund's brokerage agreements require cash collateral to be maintained in respect of futures transactions entered into. The brokers for the Fund are Societe Generale SA, Royal Bank Canada and Bank of Montreal which have credit ratings as obtained from Moody's bond rating services of A1, Aa2 and Aa2, respectively (December 31, 2018: A1, Aa2 and Aa2,

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

respectively). Cash collateral has been provided to Societe Generale SA, Royal Bank Canada and Bank of Montreal in accordance with terms of derivative transaction agreements and is presented as "Margin deposits" in the Statements of Financial Position.

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

The Fund's custodial services are provided by CIBC Mellon Trust Company which has a credit rating as rated by Moody's bond rating services of A1 (December 31, 2018: A1).

The Fund is also exposed to credit risk on cash deposits held at CIBC Mellon Trust Company & Royal Bank of Canada which has a credit rating as rated by Moody's bond rating services of A1 and Aa2 (December 31, 2018: A1 and Aa2). As at December 31, 2018, the Fund was exposed to credit risk on cash deposits held at TD Canada Trust which had a credit rating as rated by Moody's bond rating services of Aa1.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions which are redeemable on demand at the holder's option and payable within 10 business days after the redemption date and as such, retains sufficient cash to fund anticipated redemptions. The Fund aim to retain sufficient cash to maintain adequate liquidity including coverage of obligations related to short sales and all current liabilities. In addition, the Fund generally invests in securities that are highly liquid and where there is an observable market price that is quoted by multiple dealers.

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2019, the minimum margin borrowings used was \$343 and the maximum margin borrowings used was \$490,345 (December 31, 2018: min: \$58,626, max: \$1,038,873).

Market Risk

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

(a) Currency Risk

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

The table below indicates the foreign currencies to which the Fund had significant exposure at June 30, 2019 and December 31, 2018, in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable shares if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. Monetary items include cash and cash equivalents, margin deposits, futures, options, and other current receivables and payables.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

June 30, 2019				Impact on net assets attributable to holders of redeemable shares		
Currency	Exposure			Monetary \$	Non-Monetary \$	Total \$
	Monetary \$	Non-Monetary \$	Total \$			
United States Dollar - Long	2,202,928	9,822	2,212,750	220,293	982	221,275
United States Dollar - Short	(1,877,728)	-	(1,877,728)	(187,773)	-	(187,773)
Australian Dollar - Long	48,831	-	48,831	4,883	-	4,883
Australian Dollar - Short	-	-	-	-	-	-
British Pound - Long	27,145	-	27,145	2,715	-	2,715
British Pound - Short	(360)	-	(360)	(36)	-	(36)
Euro Currency - Long	13,907	6,106	20,013	1,391	611	2,002
Euro Currency - Short	(36,856)	-	(36,856)	(3,686)	-	(3,686)
Hong Kong Dollar - Long	1,718	-	1,718	172	-	172
Hong Kong Dollar - Short	-	-	-	-	-	-
Japanese Yen - Long	(1,911)	-	(1,911)	(191)	-	(191)
Japanese Yen - Short	(10,882)	-	(10,882)	(1,088)	-	(1,088)
Malaysian Ringgit - Long	124,824	-	124,824	12,482	-	12,482
Malaysian Ringgit - Short	16,027	-	16,027	1,603	-	1,603
Swiss Franc - Long	-	-	-	-	-	-
Swiss Franc - Short	1,895	-	1,895	190	-	190
Total	509,538	15,928	525,466	50,955	1,593	52,548
% of net assets attributable to holders of redeemable shares	6.1%	0.2%	6.2%	0.6%	0.0%	0.6%

December 31, 2018				Impact on net assets attributable to holders of redeemable shares		
Currency	Exposure			Monetary \$	Non-Monetary \$	Total \$
	Monetary \$	Non-Monetary \$	Total \$			
United States Dollar - Long	3,434,532	-	3,434,532	343,453	-	343,453
United States Dollar - Short	(1,315,676)	-	(1,315,676)	(131,568)	-	(131,568)
Australian Dollar - Long	165,163	-	165,163	16,516	-	16,516
Australian Dollar - Short	348	-	348	35	-	35
British Pound - Long	48,698	-	48,698	4,870	-	4,870
British Pound - Short	-	-	10	-	-	-
Euro Currency - Long	60,090	-	60,090	6,009	-	6,009
Euro Currency - Short	5,437	-	5,437	544	-	544
Hong Kong Dollar - Long	2,489	-	2,489	249	-	249
Hong Kong Dollar - Short	111	-	111	11	-	11
Japanese Yen - Long	24,920	-	24,920	2,492	-	2,492
Japanese Yen - Short	51,633	-	51,633	5,163	-	5,163
Malaysian Ringgit - Long	241,972	-	241,972	24,197	-	24,197
Malaysian Ringgit - Short	2,643	-	2,643	264	-	264
Swiss Franc - Long	11,535	-	11,535	1,154	-	1,154
Swiss Franc - Short	4,549	-	4,549	455	-	455
Total	2,738,444	-	2,738,454	273,844	-	273,844
% of net assets attributable to holders of redeemable shares	11.6%	0.0%	11.6%	1.2%	0.0%	1.2%

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

(b) Interest Rate Risk

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

As at June 30, 2019 and December 31, 2018 the Fund did not hold any interest-bearing securities, and therefore was not subject to significant interest rate risk.

(c) Price Risk

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

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

The core investment strategy of the Fund is based on a risk budgeting strategy of allocating capital to markets and utilizing that capital based on the amount of risk premium being priced into markets. As a result of this allocation methodology, generally 50% of the portfolio risk budget is allocated to globally-traded industrial and agricultural commodity futures markets, and 50% is allocated to global currency, treasury debt and equity index futures markets.

The Fund transacts on highly liquid exchanges globally that may include, but are not limited to, all futures exchanges in the United States and Canada, the London Metals Exchange (LME), Euronext-LIFFE (LIFFE), the Eurex Deutschland (EUREX), the International Petroleum Exchange of London Limited (IPE), the Singapore International Monetary Exchange (SIMEX), the Sydney Futures Exchange Ltd. (SFE) and the Tokyo Commodities Exchange (TCE).

The Fund also has the ability to take short positions, in total not exceeding 50% 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 Manager's ongoing evaluation of current and anticipated economic and market conditions.

As at June 30, 2019 and December 31, 2018, if the Fund's relevant benchmark index, Societe Generale Commodity Trading Index (USD), had increased or decreased by 10%, with all other variables constant, the net assets attributable to holders of redeemable shares of the Fund would have increased or decreased by \$1,002,697 (December 31, 2018: \$2,916,237).

Concentration Risk

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

The following is a summary of the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable shares:

Market Segment	June 30, 2019		December 31, 2018	
	Long (%)	Short (%)	Long (%)	Short (%)
Bond Futures	2.5	(0.3)	0.5	(0.4)
Interest Rate Futures	0.5	-	0.4	-
Index Futures	0.4	0.0	-	0.7
Commodity Futures	-	(0.7)	0.3	2.0
Currency Futures	0.2	(0.1)	-	0.6
Options	0.2	-	0.1	-
Totals	3.8	(1.1)	1.3	2.9

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

Capital Risk Management

Shares issued and outstanding are considered to be the capital of the Diversified Fund. The Diversified Fund does not have any specific capital requirements on the subscription and redemption of shares, other than certain minimum subscription requirements. Shareholders are entitled to require payment of the net asset value per share of the Diversified Fund for all or any of the shares of such shareholder by giving written notice to the Manager. The written notice is irrevocable and must be received no later than 4:00 p.m., EST, on the valuation day upon which the shares are to be redeemed (a "Redemption Date"). The redeeming shareholder will receive payment in respect of any shares surrendered for redemption on or before the 3rd business day immediately following a Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances.

5. FAIR VALUE MEASUREMENT

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are:

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

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

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

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

All fair value measurements are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. Derivative assets and liabilities consist of options and futures contracts which are exchange traded and therefore classified as Level 1. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

The Fund Sub-Advisor is responsible for performing the fair value measurements included in the financial statements of the Fund, including Level 3 measurements if any. The Fund Sub-Advisor obtains pricing from a third party pricing vendor which is monitored and reviewed daily by the Fund Sub-Advisor.

As at June 30, 2019 and December 31, 2018, all of the Fund's financial assets and financial liabilities held for trading were classified as Level 1. There were no transfers between Levels 1, 2 and 3 during the periods ended June 30, 2019 and 2018.

6. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the Fund enters into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position, but still allow for the related amounts to set off in certain circumstances, such as bankruptcy or termination of the contracts. The following tables show financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2019 and December 31, 2018. The "Net amount" column displays what the net impact would be on the Fund's Statements of Financial Position if all amounts were set off.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

June 30, 2019	Gross amounts \$	Financial instruments eligible for offset \$	Net amounts presented in the Statement of Financial Position \$	Related amounts not set-off in the Statement of Financial Position		Net amount \$
				Financial instruments \$	Collateral \$	
Financial assets:						
Counterparty 1	319,092	-	319,092	(143,835)	-	175,257
Counterparty 2	40,897	-	40,897	(6,321)	-	34,576
Counterparty 3	-	-	-	-	-	-
	359,989	-	359,989	(150,156)	-	209,833
Financial liabilities:						
Counterparty 1	(143,835)	-	(143,835)	143,835	-	-
Counterparty 2	(6,321)	-	(6,321)	6,321	-	-
Counterparty 3	-	-	-	-	-	-
	(150,156)	-	(150,156)	150,156	-	-

December 31, 2018	Gross amounts \$	Financial instruments eligible for offset \$	Net amounts presented in the Statement of Financial Position \$	Related amounts not set-off in the Statement of Financial Position		Net amount \$
				Financial instruments \$	Collateral \$	
Financial assets:						
Counterparty 1	828,520	-	828,520	(166,823)	-	995,343
Counterparty 2	373,020	-	373,020	(53,515)	-	426,535
Counterparty 3	-	-	-	-	-	-
	1,201,540	-	1,201,540	(220,338)	-	1,421,878
Financial liabilities:						
Counterparty 1	(166,823)	-	(166,823)	166,823	-	(333,646)
Counterparty 2	(53,515)	-	(53,515)	53,515	-	(107,030)
Counterparty 3	-	-	-	-	-	-
	(220,338)	-	(220,338)	220,338	-	(440,676)

7. REDEEMABLE SHARES

During the periods ended June 30, 2019 and 2018, the number of shares issued, redeemed and outstanding was as follows:

For the period ended June 30, 2019

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	148,707	-	(16,720)	131,987
Series F	895,368	54,308	(127,055)	822,621
Series I	221,635	15,018	(235,584)	1,069
Series L	81,720	-	(59,659)	22,061
Series R	1,983,916	54,906	(2,028,813)	10,009

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

For the period ended June 30, 2018

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	205,558	7,213	(45,452)	167,319
Series F	1,007,359	36,485	(118,774)	925,070
Series I	187,435	55,760	(6,127)	237,068
Series L	109,794	0	(10,521)	99,273
Series R	2,721,578	875,105	(205,969)	3,390,714

8. RELATED PARTY TRANSACTIONS

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

As of June 30, 2019, the number of shares owned by the Manager or Directors of the Manager for the Fund is as follows:

	Number of shares	Amount (\$)	% of net assets attributable to holders of redeemable shares
Series A	500	3,955	0.05
Series F	5,493	47,730	0.57
Series R	170	1,034	0.01

As of December 31, 2018, the number of shares owned by the Manager or Directors of the Manager for the Fund is as follows:

	Number of shares	Amount (\$)	% of net assets attributable to holders of redeemable shares
Series A	500	4,030	0.02
Series F	5,493	48,395	0.20
Series R	-	-	0.01

Management Fee and Performance Bonus

The management fee paid to the Manager by the Fund is 2.00% per annum on Series A Shares, 1.00% per annum on Series F Shares and 2.30% per annum on Series L Shares. Holders of Series R Shares of the Fund pay a negotiated management fee to the Manager based on tiers ranging from 0.6% to 1.0% per annum.

No portion of the management fee charged to the Fund is borne by Series I Shares. A holder of Series I Shares of the Fund pays a negotiated management fee directly to the Manager.

The Fund will pay to the Manager in respect of each fiscal year ended December 31 a performance bonus per Share (the "Performance Bonus") equal to 20% of the amount by which the Adjusted Net Asset Value per Share at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Share previously achieved. For these purposes, "Adjusted Net Asset Value per Share" of any series of shares of the Fund means the Net Asset Value per share of that series at the end of a fiscal year without giving effect to the accrual of any Performance Bonus, plus the aggregate amount of all distributions previously declared on a per Share basis in respect of such series of Shares. The Performance Bonus for the Fund is calculated and accrued each day the Net Asset Value of the Fund is calculated, but is only payable at the end of the fiscal year of the Fund based on the actual annual performance of the Fund.

Notwithstanding the foregoing, no Performance Bonus is payable with respect to any fiscal year of the Fund unless the Adjusted Net Asset Value per Share at the end of such fiscal year exceeds the Net Asset Value per share at the end of the preceding year (or on the date the Shares are first issued), plus the aggregate amount of all distributions previously declared on a per share basis, by a minimum of 6%.

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

The Performance Bonus is estimated and accrued each Valuation Date, calculated as at the end of each fiscal year-end of the Fund and paid within 15 business days thereafter. If any shares of the Fund are redeemed prior to the end of a calendar year, a performance fee will be payable on the redemption date in respect of each such share in the same manner as described above. This performance fee is paid to the fund quarterly.

The Fund is responsible for all operating expenses incurred by or on behalf of the Fund. At the discretion of the Manager, certain fees may be absorbed by the Manager. During the period ended June 30, 2019 and 2018 the Manager, did not absorb any expenses associated with the Fund.

The Fund Sub-Advisor will be remunerated by the Manager out of the Management Fee and the Performance Bonus.

Accrued management fees and performance fees (excluding HST) included in other liabilities on the Statement of Financial Position are as follows:

June 30, 2019		December 31, 2018	
Management Fees	Performance Fees	Management Fees	Performance Fees
\$	\$	\$	\$
7,506	1,503	19,347	10,092

9. BROKERAGE COMMISSIONS

Total commissions paid to dealers for the periods ended June 30, 2019 and 2018 in connection with portfolio transactions are \$84,302 and \$217,408, respectively.

For the period ended June 30, 2019, \$nil was used for market data services (2018: \$nil).

10. TAXATION

The Fund is a class of shares of the Company. Income, expenses and capital gains and losses of the Funds are consolidated, as a single entity, in determining the Company's taxable income and amount of taxes payable as a whole. Any taxes payable or recoverable by the Company are allocated to the Funds and their various series'.

The Company qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act"). The general income tax rules associated with a public corporation apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders, such that in substance the Company is not taxable on capital gains. Similarly, the Company is subject to Part IV tax on dividends received from Canadian corporations, however, they are refundable once paid to shareholders. As a result, the Company does not record income taxes related to capital gains and dividends from Canadian corporations.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes. All of the Company's expenses including management fees and operating expenses will be taken into account in determining its overall tax liability, if any.

As of December 31, 2018, the Company has accumulated the following non-capital losses available for utilization against net income for tax purposes in future years and capital losses available for utilization against capital gains. The tax benefit of the non-capital losses has not been reflected in the financial statements.

Non-Capital Loss*	Capital Loss**
\$20,600,066	\$nil

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

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

11. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE

The increase (decrease) in net assets attributable to holders of redeemable shares per share for the periods ended June 30, 2019 and 2018 is calculated as follows:

WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

(FORMERLY EXEMPLAR DIVERSIFIED PORTFOLIO)

GENERAL NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the periods ended June 30, 2019 and December 31, 2018

June 30, 2019	Increase (decrease) in net assets attributable to holders of redeemable shares (\$)	Weighted average redeemable shares outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable shares per share (\$)
Series A	(22,796)	139,607	(0.16)
Series F	(108,480)	862,685	(0.13)
Series I	12,612	170,604	0.07
Series L	(7,501)	51,975	(0.14)
Series R	(619,900)	386,778	(1.60)

June 30, 2018	Increase (decrease) in net assets attributable to holders of redeemable shares (\$)	Weighted average redeemable shares outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable shares per share (\$)
Series A	(194,733)	193,280	(1.01)
Series F	(1,043,382)	980,390	(1.06)
Series I	(189,472)	205,578	(0.92)
Series L	(93,485)	104,644	(0.89)
Series R	(2,281,798)	3,103,114	(0.74)

12. REVISION OF COMPARATIVE FIGURES

For the period ended June 30, 2018, "Unrealized foreign exchange gain (loss) on cash and cash equivalents" and "Unrealized foreign exchange (gain) loss on cash and cash equivalents" disclosed in the Statements of Cash Flows has been revised to exclude the unrealized foreign exchange gain (loss) on margin deposits and margin loans and unrealized foreign exchange (gain) loss on margin deposits and margin loans. The reclassified amount is \$(54,077). This change was made to more appropriately reflect the balance relating to the cash and cash equivalents held by the Diversified Fund.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

August 27, 2019

TO THE SHAREHOLDERS OF THE WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS (formerly EXEMPLAR DIVERSIFIED PORTFOLIO) (the "Fund")

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

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

"James L. McGovern"

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

"Robert W. Maxwell"

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

NOTICE TO SHAREHOLDERS

The auditor of the WaveFront Global Diversified Investment Class (formerly the “Exemplar Diversified Portfolio”) (“Fund”) has not reviewed these interim financial statements.

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

FUND INFORMATION

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