



**UNAUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS**

# WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

## Statements of Financial Position (Unaudited)

As at	June 30, 2020	December 31, 2019
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Financial Assets at Fair Value:		
Options - long	\$36,800	\$8,407
Unrealized gain on futures contracts - long	110,446	215,712
Unrealized gain on futures contracts - short	66,931	101,980
Cash and cash equivalents	7,632,820	7,438,903
Margin deposits	4,671,196	2,838,172
	<u>12,518,193</u>	<u>10,603,174</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Financial Liabilities at Fair Value:		
Unrealized loss on futures contracts - long	81,673	72,683
Unrealized loss on futures contracts - short	73,645	39,322
Margin loans	33,940	47,172
Payable for redeemable shares redeemed	25,000	3,050
Other liabilities (note 8)	83,532	18,786
	<u>297,790</u>	<u>181,013</u>
<b>Net Assets Attributable to Holders of Redeemable Shares</b>	<b>\$12,220,403</b>	<b>\$10,422,161</b>
<b>Net Assets Attributable to Holders of Redeemable Shares:</b>		
Series A	\$802,421	\$695,591
Series F	\$7,576,278	\$6,680,982
Series I	\$10,055	\$12,625
Series L	\$123,398	\$115,176
Series R	\$3,708,251	\$2,917,787
<b>Number of Redeemable Shares Outstanding: (Note 7)</b>		
Series A	92,695	94,528
Series F	787,639	821,823
Series I	1,091	1,593
Series L	16,623	18,230
Series R	552,609	506,563
<b>Net Assets Attributable to Holders of Redeemable Shares per Share:</b>		
Series A	\$8.66	\$7.36
Series F	\$9.62	\$8.13
Series I	\$9.22	\$7.93
Series L	\$7.42	\$6.32
Series R	\$6.71	\$5.76

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

"James L. McGovern"

James L. McGovern, Director

"Robert W. Maxwell"

Robert W. Maxwell, Director

# WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

## Statements of Comprehensive Income (Loss) (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
<b>INCOME:</b>		
<b>Net Gains (losses) on Investments and Derivatives:</b>		
Net realized gain (loss) on futures	2,112,841	261,242
Net realized gain (loss) on investments and derivatives	14,645	(504)
Net change in unrealized appreciation (depreciation) in value of futures	(183,628)	(763,886)
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	28,393	(19,811)
	1,972,251	(522,959)
<b>Other Income Items:</b>		
Interest on cash	52,228	109,230
Foreign exchange gain (loss)	(34,397)	18,145
Net change in unrealized foreign exchange gain (loss)	66,943	(76,772)
	84,774	50,603
<b>Total Net Income (Loss)</b>	<b>2,057,025</b>	<b>(472,356)</b>
<b>EXPENSES:</b>		
Management fees (note 8)	55,088	62,038
Performance fees (note 8)	57,367	1,504
Securityholder reporting fees	57,461	75,561
Audit fees	13,169	12,510
Legal fees	9,996	14,179
Independent Review Committee fees	3,286	2,921
Commissions and other portfolio transaction costs (note 9)	63,672	84,302
Harmonized sales tax	17,583	20,694
Total Expenses Before Manager Absorption	277,622	273,709
Less: expenses absorbed by manager (note 8)	(46,227)	-
<b>Total Expenses</b>	<b>231,395</b>	<b>273,709</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>	<b>1,825,630</b>	<b>(746,065)</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares:</b>		
Series A	115,355	(22,796)
Series F	1,199,178	(108,480)
Series I	1,353	12,612
Series L	21,045	(7,501)
Series R	488,699	(619,900)
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share: (Note 10)</b>		
Series A	1.26	(0.16)
Series F	1.50	(0.13)
Series I	1.22	0.07
Series L	1.20	(0.14)
Series R	0.91	(1.60)

# WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
<b>Net Assets Attributable to Holders of Redeemable Shares - Beginning of Period</b>		
Series A	695,591	1,199,141
Series F	6,680,982	7,890,005
Series I	12,625	1,846,817
Series L	115,176	566,743
Series R	2,917,787	12,158,810
	10,422,161	23,661,516
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>		
Series A	115,355	(22,796)
Series F	1,199,178	(108,480)
Series I	1,353	12,612
Series L	21,045	(7,501)
Series R	488,699	(619,900)
	1,825,630	(746,065)
<b>Redeemable Shares Transactions</b>		
Proceeds from redeemable shares issued		
Series A	126,850	-
Series F	147,781	474,100
Series I	1,724	120,994
Series L	-	-
Series R	301,765	323,090
	578,120	918,184
Redemption of redeemable shares		
Series A	(135,375)	(132,473)
Series F	(451,663)	(1,108,001)
Series I	(5,648)	(1,971,571)
Series L	(12,822)	(409,354)
Series R	-	(11,801,109)
	(605,508)	(15,422,508)
<b>Net Increase (Decrease) from Redeemable Shares Transactions</b>	(27,388)	(14,504,324)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>	1,798,242	(15,250,389)
Series A	802,421	1,043,873
Series F	7,576,278	7,147,624
Series I	10,054	8,852
Series L	123,399	149,888
Series R	3,708,251	60,890
<b>Net Assets Attributable to Holders of Redeemable Shares - End of Period</b>	12,220,403	8,411,127

# WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

## Statements of Cash Flows (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
<b>Cash Flows From (Used In) Operating Activities:</b>		
Increase (decrease) in net assets attributable to holders of redeemable shares	1,825,630	(746,065)
Adjustments to Reconcile Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares To Net Cash From (Used in) Operating Activities:		
Purchase of investments and derivatives	-	(12,327)
Proceeds on sale of investments and derivatives	14,645	(505)
Change in margin loans	(13,232)	(12,258)
Change in margin deposits	(1,833,024)	3,591,711
Change in other liabilities	64,746	47,817
Net realized (gain) loss on investments and derivatives	(14,645)	504
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	(28,393)	763,886
Net change in unrealized (appreciation) depreciation in value of futures	183,628	19,811
Unrealized foreign exchange (gain) loss on cash and cash equivalents	(118,048)	6,025
<b>Net Cash From (Used In) Operating Activities</b>	<b>81,307</b>	<b>3,658,599</b>
<b>Cash Flows From (Used In) Financing Activities:</b>		
Proceeds from redeemable shares issued	578,118	(625,017)
Redemption of redeemable shares	(583,556)	(13,814,163)
<b>Net Cash From (Used In) Financing Activities</b>	<b>(5,438)</b>	<b>(14,439,180)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>75,869</b>	<b>(10,780,581)</b>
<b>Cash and Cash Equivalents - Beginning of the Period</b>	<b>7,438,903</b>	<b>15,998,803</b>
Unrealized foreign exchange gain (loss) on cash and cash equivalents		
<b>Cash and Cash Equivalents - End of the Period</b>	<b>7,632,820</b>	<b>5,212,197</b>
<b>Supplemental Disclosure of Cash Flow:</b>		
Interest received, net of withholding taxes from operating activities	52,228	109,230

# WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

## Futures Contracts - Long - 0.3%

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
<b>Bond Futures - 0.3%</b>						
Australian 10-Year Bond Futures	1,000	09-15-20	AUD	11	3,066,729	7,512
Canada 10-Year Bond Futures	1,000	09-21-20	CAD	22	3,383,600	1,500
10-Year Mini JGB Futures	100,000	09-11-20	JPY	18	6,874,668	(1,735)
Long Gilt Futures	1,000	09-28-20	GBP	14	6,483,073	7,250
US 10-Year Treasury Notes Futures	1,000	09-21-20	USD	14	5,290,313	6,406
US 5-Year Treasury Notes Futures	1,000	09-30-20	USD	30	10,242,456	8,644
US Treasury Bond Futures	1,000	09-21-20	USD	3	1,454,499	2,333
						<u>31,910</u>
<b>Commodity Futures - (0.1%)</b>						
Copper Futures	250	09-28-20	USD	4	740,842	12,609
Crude Palm Oil Futures	25	09-15-20	MYR	12	218,325	(7,485)
Gasoline RBOB Futures	420	07-31-20	USD	4	548,069	(183)
Gold 100 oz Futures	100	08-27-20	USD	4	1,955,487	17,676
Natural Gas Futures	10,000	03-29-21	USD	3	201,522	(244)
NY Harbor ULSD Futures	420	07-31-20	USD	1	67,653	(1,967)
Silver Futures	5,000	09-28-20	USD	1	126,508	3,000
Sugar #11 World Futures	1,120	09-30-20	USD	1	18,185	(15)
White Sugar Futures	50	07-16-20	USD	20	965,797	(40,979)
WTI Crude Futures	1,000	11-20-20	USD	1	53,870	2,226
						<u>(15,362)</u>
<b>Currency Futures - (0.1%)</b>						
3-Month Euro Euribor Futures	2,500	09-14-20	EUR	17	13,023,730	3,889
90-Day Bank Bills Futures	10,000	09-10-20	AUD	15	28,097,386	69
90-Day Eurodollar Futures	2,500	09-14-20	USD	5	3,385,006	781
90-Day Sterling Futures	1,250	09-16-20	GBP	1	209,991	137
Australian Dollar Currency Futures	1,000	09-14-20	USD	6	1,124,093	(9,124)
90 Day Bank Acceptance Futures	2,500	09-14-20	CAD	2	497,300	125
Brazil Real Futures	1,000	07-31-20	USD	1	24,953	(34)
Canadian Currency Futures	1,000	09-15-20	USD	2	199,893	(1,466)
Euro FX Currency Futures	125,000	09-14-20	USD	4	1,527,775	(10,175)
EURO/GBP Futures	125,000	09-14-20	GBP	9	3,435,793	10,882
Japanese Yen Currency Futures	1,250	09-14-20	USD	2	314,658	(2,537)
						<u>(7,453)</u>
<b>Index Futures - 0.2%</b>						
NASDAQ 100 E-mini Index Futures	20	09-18-20	USD	2	551,036	19,425
Nikkei 225 Index Futures	500	09-10-20	JPY	2	279,881	(346)
S&P 500 E-mini Index Futures	50	09-18-20	USD	1	209,763	1,911
SPI 200 Futures	25	09-17-20	AUD	1	138,002	(1,312)
						<u>19,678</u>
						<b>28,773</b>

# WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

## Futures Contracts - Short - (0.1%)

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
<b>Commodity Futures - 0.0%</b>						
Aluminum HG Futures	25	09-14-20	USD	(4)	(438,776)	(3,971)
Canola Futures	20	11-13-20	CAD	(22)	(209,440)	(1,584)
Cocoa Futures	10	09-15-20	USD	(2)	(59,354)	1,140
Coffee Robusta 10 ton Futures	10	09-24-20	USD	(21)	(676,818)	6,190
Coffee C Futures	375	09-18-20	USD	(10)	(1,028,382)	(22,298)
Corn Futures	50	09-14-20	USD	(25)	(1,159,051)	(21,518)
Cotton No. 2 Futures	500	12-08-20	USD	(1)	(41,325)	(882)
Lean Hogs Futures	400	08-14-20	USD	(10)	(532,451)	26,243
Live Cattle Futures	400	08-31-20	USD	(3)	(313,687)	1,467
Natural Gas Futures	10,000	08-27-20	USD	(10)	(485,749)	7,318
Nickel Futures	6	09-14-20	USD	(1)	(104,272)	(880)
Platinum Futures	50	10-28-20	USD	(1)	(57,779)	(2,450)
Rubber Futures	5,000	11-24-20	JPY	(25)	(239,050)	9,430
Soybeans Futures	50	11-13-20	USD	(6)	(718,646)	(4,650)
Soybeans Oil Futures	600	12-14-20	USD	(9)	(422,415)	(4,407)
Wheat Futures	50	09-14-20	USD	(25)	(1,669,000)	11,624
Zinc Futures	25	09-14-20	USD	(1)	(69,441)	229
						1,001
<b>Currency Futures - (0.1%)</b>						
British Pound Currency Futures	625	09-14-20	USD	(2)	(210,377)	-
EURO-BOBL Futures	1,000	09-08-20	EUR	(6)	(2,470,561)	(8,968)
EURO/CHF Futures	125,000	09-14-20	CHF	(4)	(1,524,174)	2,149
Mexican Peso Futures	5,000	09-14-20	USD	(4)	(233,942)	(896)
						(7,715)
<b>Index Futures - 0.0%</b>						
						<b>(6,714)</b>

## Options Bought - 0.3%

Security Name	Strike Price (\$)	Expiry Date	Currency	No. of Contracts	Average Cost (\$)	Fair Value (\$)
Euro Dollar Futures Call Option	100	09-15-20	USD	300	16,859	30,546
3-Month Euribor Futures Put Option	100	12-15-20	EUR	656	12,327	6,254
					29,186	<b>36,800</b>
<b>Total Investments and Derivatives - 0.5%</b>						<b>58,859</b>
<b>Cash and Other Net Assets (Liabilities) - 99.5%</b>						<b>12,161,544</b>
<b>Net Assets Attributable to Holders of Redeemable Shares - 100.0%</b>						<b>12,220,403</b>

## WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

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### 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. The Company's shares comprise of three classes of redeemable mutual fund shares: Arrow Canadian Advantage Alternative Class, Arrow Global Advantage Alternative Class and WaveFront Global Diversified Investment Class (collectively, the "Funds").

Each Fund is an alternative mutual fund as established by National Instrument 81-102 - Investment Funds ("NI 81-102"), meaning they are permitted to use strategies generally prohibited by 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 borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage. As a result of exemptive relief obtained by the Funds to utilize market-neutral strategies (the "Market-Neutral Strategy Relief"), the Funds may engage in short selling transactions with an aggregate market value of up to 100% of their net asset value (subject to a combined limit on short selling and cash borrowing of 100% of their net asset value). The Funds have also obtained custodian relief to permit the Funds to have more than one Custodian (the "Custodian Relief").

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 the Funds in the Company. Arrow Capital Management Inc. ("Arrow") is the manager ("Manager") of the Funds. The Manager believes that the risk of such cross-class liability is remote.

These interim financial statements present the financial results for one class of shares of the Company, WaveFront Global Diversified Investment Class (the "Fund"). The interim financial statements for the Arrow Canadian Advantage Alternative Class and Arrow Global Advantage Alternative Class are available on SEDAR.

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.

Amendments to 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"). 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. As stated above, with the amendments to NI 81-102, the Fund became an "alternative mutual fund".

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. This includes the following restrictions:

- 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% of the Fund's NAV;
- 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 1000% of the Fund's NAV.

The offering of any series of shares of the Fund may be terminated or additional series of shares may be offered. The number of shares issued and outstanding shares of each series is disclosed in the Statements of Financial Changes and Financial Position. A description of each series of shares offered by the Fund as of these financial statements is provided below:

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

<u>Name of the Arrow Fund</u>	<u>Date of Inception</u>	<u>Series Information</u>
WaveFront Global Diversified Investment Class,	March 11, 2009	Series A and F
	September 14, 2012	Series I and L
	November 10, 2015	Series R



**WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS**

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

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The Fund may offer an unlimited number of series and may issue an unlimited number of shares of each series. Each series of the Fund is intended for different investors. In the future, the offering of any series of shares of the Fund may be terminated or additional series of shares may be offered. The number of issued and outstanding securities of each series is disclosed in the Statements of Financial Changes and Statements of Financial Position. A description of each series of shares offered by the Fund as of these financial statements is provided below:

<b>Series</b>	<b>Description</b>
Series A	Series A shares are available to all investors on a front-end sales charge basis.
Series F	Series F shares are generally only available to investors who participate in a dealer sponsored fee-for-service or wrap program with their registered dealer and who are subject to an annual advisory or asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series F shares because of lower costs and because investors who purchase Series F shares will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment programs.
Series L	Series L shares are available to all investors on a low-load option.
Series I	Series I are generally only available for certain institutional investors who make large investments in the Fund. The management fees for Series I shares are paid directly by Series I unitholders and not the Fund.
Series R	Series R are generally only available for certain institutional investors who make large investments in the Fund. The management fees for Series R shares are negotiable.

The Manager of the Fund is Arrow Capital Management Inc. (the "Manager"). WaveFront Global Asset Management Corp. (the "Portfolio Advisor"), is the portfolio advisor of the Fund.

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

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at June 30, 2020 and 2019, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at December 31, 2019, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to the table above for the inception date of each series. The Schedule of Investment Portfolio is as at June 30, 2020.

These financial statements were approved and authorized for issue by management on August 24, 2020.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant 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.

### **2.1 Basis of Accounting**

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund's most recent audited annual financial statements for the year ended December 31, 2019 and should be read in conjunction with those annual financial statements. These financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency. These financial statements have been prepared on a going concern basis using the historical cost convention, except for financial assets and financial liabilities that have been measured at fair value.

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 its process of applying the 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 3: Significant Accounting Estimates and Judgments.

### **2.2 Financial Instruments**

Financial instruments include financial assets and liabilities such as fixed income securities, equity securities, investment funds, exchange-traded funds and derivatives.

## WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

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### *Classification*

The Funds classify and measure their financial instruments in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). Investment classification is based on both the Fund's business model for managing those investments and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of investments is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess their assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are generally 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 for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model objective. Consequently, all investments are measured at Fair Value Through Profit or Loss ("FVTPL").

The Funds may sell securities short, in which a borrowed security is sold in anticipation of a decline in the market value of that security. Short sales are held for trading and are consequently classified as financial liabilities at FVTPL. Derivatives include warrants, swaps, options, futures and forward currency contracts. Derivative contracts that have a negative fair value are classified as FVTPL.

The Funds redeemable share entitlements include a contractual obligation to distribute any net income and net realized capital gains at least annually in cash (at the request of the shareholder) and therefore meet the contractual obligation requirement under IAS 32, *Financial Instruments: Presentation* to be classified as financial liabilities in these financial statements. The Fund's obligation for net assets attributable to holders of redeemable shares are presented at the redemption amount, which approximates their fair value.

All other financial assets and liabilities are measured at amortized cost, which approximates fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest.

Financial assets and liabilities are offset and the net amounts are presented in the Statements of Financial Position when, and only when, the Funds have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously. In the normal course of business, the Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position, but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of contracts. See Note 8 for more details on offsetting done by the Funds.

### *Recognition and Measurement*

Regular purchases and sales of investments are recognized in the Statements of Financial Position on the trade date – the date on which the Funds commit to purchase or sell the investment. Transaction costs are expensed as incurred in the Statements of Comprehensive Income (Loss) in 'Commissions and other portfolio transaction costs'. Financial assets and liabilities are measured at fair market value as presented below. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Funds have transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income (Loss) in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives'.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the securities of the Funds, arising from financing activities. Changes in securities of the Funds, including both changes from cash flows and non-cash changes, are included in the Statements of Changes in Financial Position. Any changes in the securities not settled in cash as at the end of the period are presented as either 'Accounts receivable for investments issued' or 'Accounts payable for investments redeemed' in the Statements of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after period-end.

### **2.3 Fair Value Measurements of Financial Instruments**

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. Fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and liabilities 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. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. Unlisted warrants, if any, are valued at their intrinsic value using recognized methods such as the Black-Scholes option valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation. Fixed income securities, debentures, and other debt instruments are valued at the quotation received from independent security pricing services or recognized

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investment dealers. Short-term debt instruments are carried at amortized cost, which approximates fair value. Underlying funds are valued on each business day at their net asset value as reported by the underlying funds manager. Commodities, if any, held by the Funds are valued based on the quoted price provided by an independent pricing source.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. These valuation models may be based, in part, on assumptions that are not supported by observable inputs such as market conditions existing at each reporting date. Valuation techniques include, but are not limited to, the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other techniques commonly used by market participants which make the maximum use of observable inputs. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of securities where no market price exists are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

IFRS 13, *Fair value measurement*, requires the use and disclosure of a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value of financial instruments.

Changes in valuation methodology may result in transfers in and out of a level. The Funds policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments, as applicable are disclosed in the Fund Specific Notes to the Unaudited Financial Statements.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Funds, including level 3 measurements. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed daily. At each financial reporting date, the Manager reviews and approves all level 3 fair value measurements. The manager also has a Valuation Committee which includes members of the finance, investment and compliance teams. The committee meets quarterly to perform detailed reviews of the valuations of investments held by the Funds.

**2.4 Income Recognition**

Gains and losses arising from changes in fair value of non-derivative financial assets are shown in the Statements of Comprehensive Income as 'Net change in unrealized gain (loss) on investments and derivatives' and as 'Net realized gain (loss) on investments and derivatives' when the positions are sold. Gains and losses are calculated using average cost, excluding commission and other transaction costs. Average cost does not include amortization of premiums or discounts on fixed income securities.

Gains and losses arising from changes in fair value of securities sold short, are shown in the Statements of Comprehensive Income as 'Net change in unrealized gain (loss) on investments and derivatives' and as 'Net realized gain (loss) on investments and derivatives' when positions are closed out and are calculated with reference to the average proceeds of the related securities, where applicable.

Gains and losses arising from changes in fair value of derivatives are shown in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized gain (loss) on investments and derivatives' and as 'Net realized gain (loss) on investments and derivatives' when positions are closed out or have expired, where applicable.

Interest for distribution purposes is shown on the Statements of Comprehensive Income (Loss) and represents the coupon interest received by the Funds accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds which are amortized on a straight-line basis.

Dividend income and dividend expense on short sales are shown on the Statements of Comprehensive Income (Loss) on the ex-dividend date.

Distributions received from investment trusts and underlying funds are recorded as dividends, interest for distribution purposes, net realized gains (losses) on sale of investments or a return of capital, based on the best information available to the Manager. Due to the nature of those investments, actual allocations could vary from this information. Distributions from income trusts and underlying funds that are treated as a return of capital for income tax purposes reduce the average cost of the income trusts and underlying funds.

*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.

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When the Funds purchase an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Funds write an option, an amount equal to fair value which is based on the premium received by the Funds is recorded as a liability. Options held by the Funds are exchange-traded. Option contracts are valued at the last traded price taken from the exchange. Option contracts are valued each valuation day according to the gain or loss that would be realized if the contracts were closed out. All unrealized gains (losses) arising from option contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss) until the contracts are closed out or expire, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive Income (Loss) within 'Net realized gain (loss) on investments and derivatives'.

*Forward Currency Contracts*

The Funds may enter into forward currency contracts for purposes of minimizing currency exposure or to establish an exposure to a particular currency. Foreign currency forward contracts are valued on each valuation day based on the difference between the contract rate and the current forward rate at the close of the measurement date, applied to the contract's notional amount and adjusted for counterparty risk. All unrealized gains (losses) arising from foreign currency forward contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss) and 'Unrealized gain (loss) on forwards' in the Statements of Financial Position until the contracts are closed out or expire, at which time the gains (losses) are realized and reported in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

*Futures Contracts*

The Funds may purchase or sell exchange traded futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price established in an organized market. Futures contracts are valued on each valuation day using the closing price posted on the relevant public exchange. Cash and cash equivalents are held as margin against futures contracts which are reflected in the Statements of Financial Position in 'Margin deposits'. All unrealized gains (losses) arising from futures contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss) and 'Unrealized gain (loss) on futures' in the Statements of Financial Position. When futures contracts are closed out or expire the gain or loss is realized and reported as 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

*Credit Default Swaps*

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

Premiums received or paid for entering into a credit default swap are included in the Statements of Financial Position as either an asset or liability. Credit default swaps are fair valued on each valuation day based upon quotations from independent security pricing sources. The change in the difference between the premium and the fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss). Premiums paid or received from credit default swap agreements are included in 'Interest expense on derivatives', if applicable. When credit default swap agreements expire or are closed out, gains or losses are included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

*Interest Rate Swap Contracts*

An interest swap contract is a contractual agreement entered into between the Funds and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The fair value of interest rate swaps is determined using indicative closing market values obtained from third-party broker-dealers. The broker-dealers determine the fair value using valuation methods that are based on assumptions that are supported by observable market inputs, including the interest rates for that day. Any income received or expense incurred is recorded as 'Interest expense on derivatives', if applicable, in the Statements of Comprehensive Income (Loss). The unrealized gain or loss on interest rate swaps is reflected in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives'. When the interest rate swaps are closed out, any gains (losses) are recorded as Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

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*Total Return Swaps*

A total return swap is an agreement between the Funds and a counterparty where single or multiple cash flows are exchanged based on the price of an underlying reference asset and based on a fixed or variable rate. Over the term of the contract, the Funds will pay to the counterparty a periodic stream of payment based on fixed or variable rate. Such periodic payments paid are accrued daily and are included in the Statements of Comprehensive Income in 'Interest expense'. At the maturity date, a net cash flow is exchanged where the total return is equivalent to the return of the underlying reference asset less a rate, if any. As a receiver, the Funds would receive payments based on any net positive total return and would owe payments in the event of a net negative total return.

The unrealized gain or loss on total return swaps is reflected in the Statements of Comprehensive Income as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives'. When the total return swaps are closed out, any gains or (losses) are recorded in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

*Short Selling*

When the Funds sell a security short, it will borrow that security from a broker to complete the sale. As the Funds borrow a security from the broker, the Funds is required to maintain a margin account with the broker containing cash or liquid securities. The cash held on margin in respect of short sale activity, if any, is included in 'Margin deposits' in the Statements of Financial Position. The maximum loss on securities sold short can be unlimited. The Funds will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Funds closed out its short position by buying that security. The Funds will realize a gain if the security declines in price between these dates. The gain or loss that would be realized if the position was to be closed out on the valuation date is reflected in the Statements of Comprehensive Income (Loss) as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' and in the Statements of Financial Position in "Investment sold short". When the short position is closed out, gains and losses are realized and included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

*Offsetting of Financial Instruments*

The disclosures set out in the Offsetting of Financial Instruments tables in Note 8, where applicable, include foreign currency forward contracts and assets and liabilities that are subject to an enforceable master netting agreement. Transactions with individual Counterparties are governed by separate master netting agreements. Each agreement allows for net settlement of certain open contracts where the Funds and their respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting agreement will have the option to settle all open contracts on a net basis in the event of default of the other party.

International Swaps and Derivatives Association Inc. Master Agreements ("ISDA Master Agreements") govern OTC financial derivative transactions entered into by the Funds and select counterparties. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default and termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements.

The Funds may be subject to various master agreements or netting arrangements with select counterparties. These master agreements reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Since different types of transactions have different mechanics and are sometimes traded out of different legal entities of a particular counterparty organization, each type of transaction may be covered by a different master agreement resulting in the need for multiple agreements with a single counterparty. As the master agreements are specific to unique operations of different asset types, they allow the Funds to close out and net their total exposure to a counterparty in the event of a default with respect to the transactions governed under a single agreement with a counterparty.

*Investments in Unconsolidated Structured Entities*

The Funds may invest in mutual funds, exchange-traded funds or closed end funds managed by the Manager or third party investment managers. The Funds consider all investments in such instruments ("Underlying Funds") to be investments in unconsolidated structured entities based on the fact that the decisions made by these Underlying Funds are not governed by voting rights or any other similar rights held by the Funds. The Funds account for these unconsolidated structured investments at fair value.

The Underlying Funds each have their own objectives and investment strategies which assist the Funds in achieving their investment objectives. The Underlying Funds primarily finance their operations by issuing redeemable units or shares which are puttable at the holder's option in the case of mutual

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funds and exchange traded funds or through issuing non-redeemable units or partnership interests in the case of closed-ended funds. The Underlying Funds entitle the holder to a proportional stake in the respective underlying fund's net assets. The Funds hold units, shares or partnership interests in each of their Underlying Funds, if applicable. These investments are included in 'Investments' and 'Investments sold short' in the Statements of Financial Position. Investments in underlying mutual funds are valued based on the net asset value per share or unit provided by the underlying mutual funds' manager at the end of each valuation date. Investments in ETF's are valued at the closing market price recorded by the security exchange on which the security is principally traded. The change in fair value of each Underlying Fund is included in the Statements of Comprehensive Income as 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' until these Underlying Funds are sold, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive as 'Net realized gain (loss) on investments and derivatives'. The Fund's maximum exposure to loss from their interests in Underlying Funds is equal to the total carrying value of their investment in Underlying Funds. The exposure to investments in Underlying Funds at fair value is disclosed in Note 6.

### 2.5 Cash and Cash Equivalents

Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as 'bank overdraft' in the Statements of Financial Position, as applicable.

### 2.6 Margin Loans

Margin loans represent cash amounts borrowed under a margin agreement with the Fund's prime broker. The Funds has granted a first priority security interest over investments and other assets held at the prime broker in support of its obligations under its margin lending agreement. Amounts owing are payable upon demand (if applicable), and are shown in the Statements of Financial Position as 'Margin Loans'.

### 2.7 Foreign Exchange Translation

Foreign currency amounts denominated in foreign currencies are converted into the functional currency as follows: fair values of investments, foreign currency contracts and other assets and liabilities at the closing rate of exchange prevailing on each business day; income and expenses, purchases and sales and settlements of investments at the rates of exchange applicable on the respective dates of such transactions. Foreign exchange gains (losses) relating to cash are presented as 'Foreign exchange gain (loss)' and 'Net change in unrealized foreign exchange gain (loss)' and those relating to other financial assets and liabilities 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).

### 2.8 Net Asset Value

Net asset value ("NAV") per share of each series of each Fund is calculated at the end of each day on which the Toronto Stock Exchange is open for business by dividing the total NAV for each series of a Fund by the number of shares of that series outstanding.

The NAV of each series is computed by calculating the value of that series' proportionate share of the Fund's assets less that series' proportionate share of the Fund's common liabilities and less series specific liabilities. Expenses directly attributable to a series are charged to that series. Other income, expenses, gains and losses, are allocated to each series of a Fund proportionately based upon the relative total NAV of each series.

As at June 30, 2020 and 2019 and December 31, 2019, there were no differences between the NAV used for transactions with shareholders as calculated under Part 14 of National Instrument 81-106 Investment Funds for Continuous Disclosure and the net assets attributable to holder redeemable shares used for reporting purposes under IFRS.

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

Increase (decrease) in net assets attributable to holders of redeemable shares per unit disclosed in the Statements of Comprehensive Income (Loss) is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable shares from operations of each series of a Fund by the weighted average number of shares outstanding in that series during the period.

### 2.10 Commissions and Other Portfolio Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, are included in 'Commissions and other portfolio transaction costs' in the Statements of Comprehensive Income (Loss).

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### 2.11 Securities Lending, Repurchase and Reverse Repurchase Agreements

The Funds are permitted to enter into securities lending, repurchase and reverse repurchase transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities at a future date. The loaned assets of each Fund are not permitted to exceed 50% of the aggregate net asset value of the Fund.

Securities lending transactions are administered by the Bank of New York Mellon, where applicable. The value of cash or securities collateral held as collateral must be at least 102% of the fair value of the securities loaned, sold or repurchased. 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 the Statements of Comprehensive Income (Loss) in 'Securities lending income' when earned.

### 2.12 Withholding Tax

The Funds may, from time to time, incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income (Loss).

### 2.13 Harmonized Sales Tax

Certain provinces including Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador (each a Participating Tax Jurisdiction) have harmonized their provincial sales tax ("PST") with the federal goods and services tax ("GST"). The Harmonized Sales Tax ("HST") combines the federal GST rate of 5% with the PST rate of the participating province. The province of Quebec also applies the Quebec sales tax ("QST") of 9.975%. The Provincial HST liability or refund is calculated using the residency of shareholders and the value of their interest in the Funds as at specific times, rather than the physical location of the Funds. The effective sales tax rate charged to each series of the Funds is based on the shareholders' proportionate investments by province, using each province's HST rate, GST rate in the case of non-participating provinces and/or QST rate. All amounts are presented as 'Harmonized sales tax/goods and services tax' in the Statements of Comprehensive Income.

### 2.14 Non-cash transactions

Non-cash transactions on the Statements of Cash Flows include reinvested distributions from the underlying mutual funds, series switches in the same Funds and stock dividends from equity investments. These amounts represent non-cash income recognized in the Statements of Comprehensive Income.

The 'Proceeds from redeemable shares issued' and 'Redemption of redeemable shares' on the Statements of Cash Flows exclude non cash transactions.

### 2.15 Due from and to Brokers

Amounts due from and to brokers represent receivables for investments sold and payables for investments 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 investments sold" and amounts due to brokers are presented in "Payable for investments purchased" in the Statements of Financial Position.

## 3. SIGNIFICANT 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 estimates and judgments that the Fund has made in preparing the financial statements:

### Use of Estimates

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

The Funds holds financial instruments that are not quoted in active markets, including derivatives. Fair value of such instruments are 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 s 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.

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Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Funds 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 5: Financial Instruments – Fair Value Measurement for further information about the fair value measurement of the 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 its business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The Funds measures and evaluates the performance of substantially all of its investments on a fair value basis.

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

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

## 4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

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

### Credit Risk

Credit risk is the risk that a counterparty to a financial instrument, such as fixed income securities, preferred shares and derivatives, will fail to discharge an obligation or commitment that it has entered into with the Fund. The fair value as presented in the Statement of Investments and Statement of Financial Position includes consideration of the creditworthiness of the issuer, and accordingly represents the maximum credit risk exposure to the Fund.

At June 30, 2020 and December 31, 2019, the Fund had no investments in debt instruments and therefore was not subject to related credit risk

The Fund may also be exposed to credit risk to the extent that the Fund's custodian may not be able to settle trades for cash. All transactions in listed securities and derivatives are settled or paid upon delivery using approved brokers with an approved credit rating. The risk of default with the counterparty is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

In addition, Canadian securities regulations require that the Fund employs a custodian that meets certain capital requirements. These regulations state that, among other things, a fund's custodian be either a bank listed in Schedule I, II, or III of the Bank Act (Canada), or a company incorporated in Canada affiliated with a bank with shareholders' equity of not less than \$10,000,000. CIBC Mellon Trust Company, the custodian for the Fund, meets the Canadian Securities Administrators' requirements to act as the custodian.

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. Cash collateral has been provided to the brokers in accordance with terms of derivative transaction agreements and is presented as "Margin Deposits" in the Statements of Financial Position.

As at June 30, 2020 and December 31, 2019, the Fund had no investments in debt instruments and therefore was not subject to related credit risk.



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**Liquidity Risk**

Liquidity risk arises when the Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. Generally, the Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity. However, liquidity risk also involves the ability to sell an asset for cash easily and at a fair price. Some securities may be illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of the Fund to sell such securities quickly or at a fair price. Difficulty in selling securities could result in a loss or a lower return for the Fund.

From time to time, the Fund may use margin borrowings in one or more of its brokerage or cash accounts. During the period ended June 30, 2020, the minimum margin borrowing used was \$49,463 (December 31, 2019: \$383) and the maximum net margin borrowing used was \$291,967 (December 31, 2019: \$83,415).

**Leverage and Short Selling Risk**

When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that magnifies gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavorable times.

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.

The Fund is allowed to engage in short selling though the Fund does not currently intend to do so.

The Fund may borrow cash up to a maximum of 50% of the Fund's net asset value and may sell securities short, whereby the aggregate market value of securities sold short will be limited to 100% of the Fund's net asset value. The combined use of short selling and cash borrowing by the Fund is subject to an overall limit of 100% of the Fund's net asset value.

**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 conditions. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes and catastrophic events. All investments are exposed to this risk. Market risk can be further sub-divided into 3 categories: currency risk, interest rate risk and price risk.

**(a) Currency Risk**

The Fund may invest in monetary and non-monetary assets denominated in currencies other than their functional currency. Currency risk is the risk that the value of foreign instruments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency. The Fund may enter into currency forward contracts, currency futures contracts and/or foreign currency option contracts for hedging purposes to reduce their foreign currency risk exposure. Non-monetary is comprised of long and short equities. Monetary includes cash, derivatives, fixed income securities, and other current receivables and payables.

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The table below indicates currencies to which the Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of any derivative instruments. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk

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, margin loans, futures, options on derivatives, and other current receivables and payables.

Currency	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$	\$	\$	\$	\$	\$
June 30, 2020						
United States Dollar - Long	2,426,117	-	2,426,117	242,612	-	242,612
United States Dollar - Short	(1,866,894)	-	(1,866,894)	(186,689)	-	(186,689)
Australian Dollar - Long	7,330	-	7,330	733	-	733
Australian Dollar - Short	(6,864)	-	(6,864)	(686)	-	(686)
British Pound - Long	18,269	-	18,269	1,827	-	1,827
British Pound - Short	(2,460)	-	(2,460)	(246)	-	(246)
Euro Currency - Long	11,790	-	11,790	1,179	-	1,179
Euro Currency - Short	(19,071)	-	(19,071)	(1,907)	-	(1,907)
Hong Kong Dollar - Long	9,433	-	9,433	943	-	943
Hong Kong Dollar - Short	-	-	-	-	-	-
Japanese Yen - Long	(2,081)	-	(2,081)	(208)	-	(208)
Japanese Yen - Short	(5,083)	-	(5,083)	(508)	-	(508)
Malaysian Ringgit - Long	61,900	-	61,900	6,190	-	6,190
Malaysian Ringgit - Short	-	-	-	-	-	-
Swiss Franc - Long	17,061	-	17,061	1,706	-	1,706
Swiss Franc - Short	2,149	-	2,149	215	-	215
<b>Total</b>	<b>651,596</b>	<b>-</b>	<b>651,596</b>	<b>65,161</b>	<b>-</b>	<b>65,161</b>
% of net assets attributable to holders of redeemable shares	5.3%	0.0%	5.3%	0.5%	0.0%	0.5%

Currency	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$	\$	\$	\$	\$	\$
December 31, 2019						
United States Dollar - Long	2,045,883	-	2,045,883	204,588	-	204,588
United States Dollar - Short	(1,775,977)	-	(1,775,977)	(177,598)	-	(177,598)
Australian Dollar - Long	(9,993)	-	(9,993)	(999)	-	(999)
Australian Dollar - Short	2,898	-	2,898	290	-	290
British Pound - Long	(3,853)	-	(3,853)	(385)	-	(385)
British Pound - Short	(17,585)	-	(17,585)	(1,759)	-	(1,759)
Euro Currency - Long	(3,108)	-	(3,108)	(311)	-	(311)
Euro Currency - Short	55,126	-	55,126	5,513	-	5,513
Hong Kong Dollar - Long	6,443	-	6,443	644	-	644
Hong Kong Dollar - Short	-	-	-	-	-	-
Japanese Yen - Long	8,695	-	8,695	870	-	870
Japanese Yen - Short	11,556	-	11,556	1,156	-	1,156
Malaysian Ringgit - Long	99,972	-	99,972	9,997	-	9,997
Malaysian Ringgit - Short	-	-	-	-	-	-
Swiss Franc - Long	142	-	142	14	-	14
Swiss Franc - Short	8,050	-	8,050	805	-	805
<b>Total</b>	<b>428,249</b>	<b>-</b>	<b>428,249</b>	<b>42,825</b>	<b>-</b>	<b>42,825</b>
% of net assets attributable to holders of redeemable shares	4.1%	0.0%	4.1%	0.4%	0.0%	0.4%

**WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS**

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

**(b) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. The Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate sensitive derivative instruments. Prices of fixed income securities generally increase when interest rates decline and decrease when interest rates rise. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk.

As at June 30, 2020 and December 31, 2019 the Fund held interest-bearing securities. The analysis below summarizes the credit quality of the Fund's debt portfolio as at June 30, 2020 and December 31, 2019.

Term to Maturity	Long Positions		Short Positions	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Less than 1 year	\$ 36,795,338	\$ -	\$ -	\$ -
1-3 years	-	-	-	-
3-5 years	-	-	-	-
Greater than 5 years	-	-	-	-
<b>Total</b>	<b>\$ 36,795,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Sensitivity:				
Total \$ sensitivity	+/- \$ 941,835	+/- \$ -	+/- \$ -	+/- \$ -
Total % sensitivity	7.7%	31.7%	0.0%	25.5%

**(c) Other Price Risk**

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or a market segment.

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 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, 2020 and December 31, 2019, 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 \$1,437,269 (December 31, 2019 \$1,227,336).

**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:

**WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS**

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

Market Segment	June 30, 2020		December 31, 2019	
	Long (%)	Short (%)	Long (%)	Short (%)
Bond Futures	0.3	-	(0.2)	0.8
Interest Rate Futures	-	-	-	(0.0)
Index Futures	0.2	-	-	-
Commodity Futures	(0.1)	0.0	1.1	(0.1)
Currency Futures	(0.1)	(0.1)	0.4	(0.0)
Options	0.3	-	0.1	-
Totals	0.6	(0.1)	1.4	0.7

**Capital Risk Management**

Shares issued and outstanding are considered to be the capital of the Fund. The 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 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**

IFRS 13, *Fair Value Measurement*, requires the use and disclosure of a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value of financial instruments. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs. The three level hierarchy based on inputs levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Fair value is based on inputs other than unadjusted quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

Changes in valuation methodology may result in transfers in and out of a level. The Fund's policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The Fund may participate in securities lending and; therefore, receive collateral categorized as Level 1 or 2 as defined above. Such collateral is not considered significant to the financial instrument hierarchy of the securities owned by the Fund.

As at June 30, 2020 and December 31, 2019, 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, 2020 and 2019.

**6. OFFSETTING OF FINANCIAL INSTRUMENTS**

Below is a summary of the offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts, were to arise as at June 30, 2020 and December 31, 2019. 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**

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

June 30, 2020	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not offset in the Statement of Financial Position		Net amount
				Financial instruments	Collateral	
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	183,273	-	183,273	(116,835)	-	66,438
Counterparty 2	30,905	-	30,905	(30,905)	-	-
Counterparty 3	-	-	-	-	-	-
	214,178	-	214,178	(147,740)	-	66,438
<b>Financial liabilities:</b>						
Counterparty 1	(116,835)	-	(116,835)	116,835	-	-
Counterparty 2	(38,483)	-	(38,483)	30,905	7,578	-
Counterparty 3	-	-	-	-	-	-
	(155,318)	-	(155,318)	147,740	7,578	-

December 31, 2019	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not offset in the Statement of Financial Position		Net amount
				Financial instruments	Collateral	
	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>						
Counterparty 1	223,630	-	223,630	(71,000)	-	152,630
Counterparty 2	106,050	-	106,050	-	-	106,050
Counterparty 3	-	-	-	-	-	-
	329,680	-	329,680	(71,000)	-	258,680
<b>Financial liabilities:</b>						
Counterparty 1	(71,000)	-	(71,000)	71,000	-	-
Counterparty 2	-	-	-	-	-	-
Counterparty 3	(42,803)	-	(42,803)	42,803	-	-
	(113,803)	-	(113,803)	113,803	-	-

**7. REDEEMABLE SHARES**

During the periods ended June 30, 2020 and 2019, the number of shares issued, redeemed and outstanding was as follows:

**For the period ended June 30, 2020**

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	94,528	14,061	(15,894)	92,695
Series F	821,823	15,211	(49,395)	787,639
Series I	1,593	183	(685)	1,091
Series L	18,230	-	(1,607)	16,623
Series R	506,563	46,046	-	552,609

**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**

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

**8. RELATED PARTY TRANSACTIONS****Management Fees**

The Manager is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Fund by investors. The management fee is calculated on each series of the Fund as a fixed annual percentage of the daily net asset value of the series and accrued each day the Net Asset Value of the Fund is calculated. The management fees are subject to HST (and any other applicable taxes). The Management fee is payable monthly.

The management fee rates are calculated as a percentage of the net asset value of the Fund are as follows: series A shares 2%, series F shares 1%, series L shares 2.30%. Series R Shares of the Fund pay a negotiated management fee to the Manager. 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.

**Performance Fees**

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%.

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 will not pay duplicate management, performance and administration fees on the portion of assets that are invested in units/shares of any Arrow underlying funds invested in by the Fund.

The Fund Portfolio 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, 2020		December 31, 2019	
	Management Fees	Performance Fees	Management Fees	Performance Fees
	\$	\$	\$	\$
WaveFront Global Diversified Investment Class	10,015	57,374	8,310	3,142

**Related Party Share Holdings**

The Manager of the Fund may, from time to time, make initial investments in certain classes of the Fund to help establish a class or a Fund. The Manager or Directors of the Manager may also make investments in the Fund ("Related Parties"). As at June 30, 2020 and December 31, 2019, the number of shares owned by Related Parties are as follows:

As of June 30, 2020, 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	4,330	0.0
Series F	5,493	52,843	0.4

As of December 31, 2019, the number of shares owned by the Manager or Directors of the Manager for the Fund is as follows:

**WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS**

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

	Number of shares	Amount (\$)	% of net assets attributable to holders of redeemable shares
Series A	500	3,680	0.0
Series F	5,493	44,658	0.4

**Operation and Administration Fees**

Each series of the Fund is charged a fixed rate annual administration fee ("Administration Fee") and in return the Manager bears all of the operating expenses of the Fund, other than certain specified fund costs. The Administration Fee is calculated on each series of the Fund as a fixed annual percentage of the daily net asset value of the series. The fixed rate may be adjusted from time to time.

All expenses relating to the operation of the Fund will be charged to that particular series. Operating expenses include, but are not limited to, legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees, valuation services and other miscellaneous expenses specifically attributable to the Fund and any applicable taxes. The Manager may provide any of these services and is reimbursed all of its costs in providing these services to the Fund which may include but are not limited to personnel costs, office space, insurance and depreciation. The common expense will be allocated among the Fund and other investment funds managed by Arrow, as applicable.

The Fund will bear separately any expense item that can be attributed specifically to the Fund. Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, commission costs, all fees and expenses of the Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Fund, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

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. 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 periods ended June 30, 2020 and December 31, 2019 the Manager, waived \$46,227 and \$nil, respectively.

**9. BROKERAGE COMMISSIONS**

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services (referred to in the industry as soft dollar arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the portfolio advisor and portfolio sub-advisors with their decision-making services to the Fund or relate directly to the execution of portfolio transaction on behalf of the Fund.

Total commissions paid to dealers for the periods ended June 30, 2020 and 2019 in connection with portfolio transactions are \$63,672 and \$84,302, respectively.

For the period ended June 30, 2020, \$nil was used for market data services (2019: \$nil).

**10. 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, 2020 and 2019 is calculated as follows:

June 30, 2020	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	115,355	91,665	1.26
Series F	1,199,178	801,288	1.50
Series I	1,353	1,107	1.22
Series L	21,045	17,543	1.20
Series R	488,699	534,789	0.91

**WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS**

Notes to the Semi-Annual Financial Statements (Unaudited)  
For the periods ended June 30, 2020 and December 31, 2019

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)

**11. TAXATION**

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

The Corporation 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 Corporation is not taxable on capital gains. Similarly, the Corporation is subject to Part IV tax on dividends received from Canadian corporations, however, they are refundable once paid to shareholders. As a result, the Corporation 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 Corporation'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, 2019, the Corporation 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.

Tax Expiry Year	Non-Capital Loss*	Capital Loss**
2032	\$3,388,163	
2033	\$762,043	
2036	\$10,702,157	
2037	\$5,111,728	
2038	\$635,115	
Total	\$20,599,206	\$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.



**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

August 24, 2020

**TO THE SHAREHOLDERS OF THE WAVEFRONT GLOBAL DIVERSIFIED INVESTMENT CLASS (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"

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

"Robert W. Maxwell"

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

**FUND INFORMATION**

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