ARROW ALTERNATIVE MUTUAL FUND

<u>Simplified Prospectus</u>

ARROW GLOBAL OPPORTUNITIES ALTERNATIVE CLASS (Series A, F and I Shares)
(the "Corporate Class")

January 10, 2022

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PART A

INTRODUCTION

The manager of the Fund is Arrow Capital Management Inc., and is referred to in this document as "**Arrow**", "**us**", "**our**" or "**we**". The "**Fund**" is the mutual fund described in this simplified prospectus.

A "**Corporate Class**" refers to the assets and liabilities attributable to the classes of shares of Exemplar Portfolios Ltd. (the "**Company**"), a mutual fund corporation established under the laws of the Province of Ontario, that have the same investment objectives and strategies. The authorized capital of the Company consists of 1,000 separate classes of non-voting redeemable mutual fund shares (the "**Shares**"), issuable in series, in addition to a class of voting common shares held in trust by certain employees of Arrow for the non-voting shareholders. Each Corporate Class maintains its own separate group of assets within the Company.

A "**Security**" means a Share of a Corporate Class.

This document contains selected important information to help you make an informed decision and to help you understand your rights as an investor.

This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund. The other classes are issued in separate documents.

Additional information about the Fund is available in the following documents:

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

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

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

WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

What is a Mutual Fund?

A mutual fund is an investment vehicle created to permit money contributed by people with similar investment objectives to be pooled. People who contribute money become securityholders of the mutual fund. Mutual fund securityholders share (in proportion to the securities they own) the mutual fund's income, expenses, and the gains and losses the mutual fund makes on its investments. The value of an investment in a mutual fund is realized by redeeming the securities held.

A mutual fund may own different types of investments - stocks, bonds, cash, and derivatives - all depending upon its investment objectives. The Fund also may invest in other mutual funds, which may be managed by us, called "underlying funds". The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news, with these and other factors affecting funds with varying degrees of impact. For example, mutual funds which invest in equity securities will be greatly impacted by changes in the equity markets generally while a mutual fund investing solely in bonds would not. As a result, the value of a mutual fund may go up and down, and the value of your investment may be more or less when you redeem or sell it than when you purchased it.

We calculate a Fund's security price (often referred to as the "net asset value per security", or "share value") by adding up the specific Fund's assets (being the value of the cash and securities in its portfolio), subtracting its liabilities and then dividing the resulting sum by the total number of securities of the Fund then outstanding. The security price is calculated at the end of each business day and is the price at which securities will be issued to purchasing investors and the price to be paid by the Fund on securities redeemed as of such day.

The specific investment objectives and strategies of the Fund are described in Part B of this document under "*What Does the Fund Invest In?*"

Mutual Funds are not Guaranteed

Arrow does not guarantee that the full amount of your original investment in a Fund will be returned to you. Unlike bank accounts or GICs, mutual fund securities are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions of Securities. See "*Purchases, Switches and Redemptions*" on page 11.

What are the Risks of Investing in a Mutual Fund?

As with most other investments, mutual funds come with a certain amount of risk. Mutual funds own different types of investments, depending on their investment objectives. The value of the investments in a mutual fund changes from day to day because of changes in interest rates, economic conditions and market or company news. As a result, the value of mutual fund securities will vary. When you sell your securities of a Fund, you could get less money than you put in.

When you are making your investment decision, it is very important that you are completely aware of the different investment types, their relative return over time and their volatility. Money market funds generally have low risk. They hold relatively safe short-term investments such as government treasury bills and other high quality money market instruments. Income funds, which typically invest in bonds, have a higher amount of risk because their prices can change when interest rates change. Equity funds generally have the highest risk because they invest mostly in stocks whose prices can rise and fall daily.

The Fund is considered an "alternative mutual fund", as defined in National Instrument 81-102 - *Investment Funds* ("**NI 81-102**"). This permits it 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. As a result of exemptive relief obtained by the Fund to utilize market-neutral strategies described under the heading "*Additional Information – Exemptions and Approvals*" in this simplified prospectus, the Fund may also use strategies generally prohibited for alternative mutual funds under NI 81-102 such as the ability to 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 its net asset value).

Everyone has a different tolerance for risk. Some individuals are significantly more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals. Below are some of the most common risks that affect value. To find out which of these specific risks apply to the Fund you are considering, see the individual Fund description in Part B of this simplified prospectus. They may include:

Borrowing Risk – Borrowing of cash or securities within a fund could magnify the impact of any movements in the prices of the underlying investments of the fund and therefore the value of your investment. Consequently, these investments may produce more volatile gains or losses compared to investing in the same investments without making use of borrowings.

Change in Legislation Risk –There can be no assurance that tax, securities and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the Fund or securityholders.

Collateral Risk – The Fund may enter into derivatives arrangements that require it to deliver collateral to the derivative counterparty or clearing corporation. As such, the Fund may be exposed to certain risks in respect of that collateral including, the Funds:

- will be required to post initial margin/collateral to the derivative counterparty or clearing corporation in the form of cash. The Fund will be required to have sufficient liquid assets to satisfy this obligation;
- from time to time, if the value of the derivative arrangements moves against it, will be required to post variation margin/collateral with the derivatives counterparty or clearing corporation on an ongoing basis. The Fund will be required to have sufficient liquid assets to satisfy such calls, and, in the event it fails to do so, the counterparty may have a right to terminate such derivatives arrangements; and,
- may be subject to the credit risk of the derivatives counterparty. In the event the counterparty becomes insolvent at a time it holds margin/collateral posted with it by the Fund, the Fund will be an unsecured creditor and will rank behind preferred creditors.

Commodity Risk – The Fund's exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities. The value of commodity linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Concentration Risk – The Fund may hold significant investments in a few companies or issuers, rather than investing the Fund's assets across a large number of companies or issuers. In some cases, more than 10% of the net assets of the Fund may be invested in securities of a single issuer as a result of appreciation in value of such investment and/or the liquidation or decline in value of other investments. The investment portfolio of the Fund may be less diversified, and therefore may be potentially subject to larger changes in value than mutual funds which hold more broadly diversified investment portfolios.

Counterparty Default Risk - This is the risk that entities upon which the Fund's investments depend may default on their obligations, for instance by failing to make a payment when due. Such parties can include brokers (including clearing brokers), foreign exchange counterparties, derivative counterparties and deposit taking banks. Default on the part of an issuer or counterparty could result in a financial loss to the Fund. The manager will manage these risks as far as is practicable by dealing with counterparties as permitted by Canadian securities authorities, by ensuring enforceable legal agreements are in place and by monitoring these counterparties.

Credit Risk – The value of fixed income securities and derivatives on fixed income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities issued by issuers who have a low credit rating are considered to have a higher credit risk than securities issued by issuers with a high credit rating.

Currency Risk – The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar relative to the value of the currency in which the security is denominated. This risk applies to the Fund since it may invest in foreign denominated securities. Exposure to currencies may also be indirect through the use of other derivatives, such as options, forwards, futures or swaps.

Cyber Security Risk – Due to the widespread use of technology in the course of business, the Fund has become potentially more susceptible to operational risks through breaches in cyber security. Cyber security risk is the risk of harm, loss, and liability resulting from a failure, disruption or breach of an organization's information technology systems. It refers to both intentional and unintentional events that may cause the Fund to lose proprietary information, suffer data corruption, or lose operational capacity, which could cause us and/or the Fund to experience disruptions to business operations; reputational damage; difficulties with the Fund's ability to calculate its NAV; or incur regulatory penalties, additional compliance costs associated with corrective measures, and/or financial loss. Cyber attacks may involve unauthorized access to the Fund's digital information systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, or corrupting data, equipment or systems. Other cyber attacks do not require unauthorized access, such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber attacks on the Fund's third-party services provider (e.g., administrators, transfer agents, custodians and sub-advisors) or issuers that the Fund invests in can also subject the Fund to many of the same risks associated with direct cyber attacks. Similar to operational risks in general, we have established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will be successful.

Derivatives Risk – A derivative is a contract between two parties, the value of which is based on the performance of other investments, such as equities, bonds, currencies or a market index. Derivatives may be traded in the over-the-counter market or on a stock exchange or they may be cleared through a clearing corporation. A derivative is commonly a future, a forward contract, an option or a swap, but there are other types of derivative instruments as well. Futures or forward contracts are agreements to buy or sell a security, commodity or currency for a certain price on a certain future date. Options give the buyer the right to buy or sell a security, commodity or currency for a certain price on a certain future date. Swaps are a derivative in which two counterparties exchange cash flows of one party's financial instrument for those of the other party's financial instrument. Derivatives may be used to limit, or hedge against, losses that may occur because of the Fund's investment in a security or exposure to a currency or market. This is called hedging. Derivatives may also be used to obtain exposure to financial markets, reduce transaction costs, create liquidity or increase the speed of portfolio transactions. These investments are made for non-hedging purposes.

- There is no assurance that liquid markets will exist for the Fund to close out its derivative positions. Derivative instruments in foreign markets may be less liquid and more risky than comparable instruments traded in North American markets.
- Exchange-imposed trading limits could affect the ability of the Fund to close out its positions in derivatives. These events could prevent the Fund from making a profit or limiting its losses.
- Prices of options and futures on a stock index may be distorted if trading of certain stocks in the index is interrupted or trading of a large number of stocks in the index is halted. Such price distortions could make it difficult to close out a position.
- The Fund may use derivatives so it may be subject to credit risk associated with the ability of counterparties to meet its obligations. In addition, the Fund could lose its margin deposits if a dealer or clearing corporation with whom the Fund has an open derivatives position goes bankrupt.
- There is no assurance that the Fund's hedging strategies will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the investment being

hedged. Any historical correlation may not continue for the period during which the hedge is in place.

- Using futures and forward contracts to hedge against changes in currencies, stock markets or interest rates cannot eliminate fluctuations in the prices of securities in the portfolio or prevent losses if the prices of these securities decline.

- Hedging may also limit the opportunity for gains if the value of the hedged currency or stock market rises or if the hedged interest rate falls. The inability to close out options, futures, forwards and other derivative positions could prevent the Fund from using derivatives to effectively hedge its portfolio or implement their strategy.

Equity Risk –Investments in equities - also called stocks or shares - and derivatives on equities are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the value of the Fund if it owns these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. Equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the overall stock market because of changes in the outlook for those individual companies or the particular industry.

Exchange-traded Fund Risk – When the Fund invests in an exchange-traded fund ("**ETF**"), the ETF may, for a variety of reasons, not achieve the same return as the benchmark, index or commodity price it seeks to track. The market value of an ETF also may fluctuate for reasons other than changes in the value of its underlying benchmark, index or commodity price, and the net asset value of the Fund will change with these fluctuations. The Fund has obtained permission to invest in ETFs that employ leverage in an attempt to magnify returns by either a multiple or an inverse multiple of its underlying benchmark, index or commodity price (a "**Leveraged ETF**"). Leveraged ETFs typically involve a higher degree of risk and are subject to increased volatility.

Failure of Futures Commission Merchant Risk – Under United States Commodity Futures Trading Commission Regulations, futures commission merchants ("**FCMs**") are required to maintain customer assets in a segregated account. If the Fund's FCM fails to do so, the Fund may be subject to a risk of loss of funds on deposit with the FCM in the event of its bankruptcy. In addition, even if assets are properly segregated, under certain circumstances there is a risk that assets deposited by the Manager on behalf of the Fund as margin with an FCM may be used to satisfy losses of other clients of the FCM which cannot be satisfied by such other clients or by the FCM. In the case of any such bankruptcy or client loss, the Fund might recover, even in respect of property specifically traceable to the Fund, only on a *pro rata* share of all property available for distribution to all of the FCM's customers.

Foreign Investment Risk – The value of foreign securities will be affected by factors affecting other similar securities and could be affected by additional factors such as the absence of timely information, less stringent auditing standards and less liquid markets. As well, different financial, political and social factors may involve risks not typically associated with investing in Canada.

Forward and Over-the-Counter ("OTC") Option Contract Risk – The Fund may engage in trading forward and OTC option contracts in currencies. Such forward and OTC options contracts are not traded on exchanges; rather, banks and dealers typically act as principals in these markets, called generally the interbank or forex market. Trading in the interbank market presents certain risks not present in futures trading because no governmental agency regulates trading in forward and OTC option contracts. Consequently, in the case of forward contracts, there is no limitation on daily price movements and no margin need be posted, although a Fund's FCM may require good faith deposits to be made in lieu of margin. Because performance of forward and OTC options contracts on currencies is not guaranteed by any exchange or clearinghouse, the customer is subject to counterparty risk: the risk that the principals or agents with or through which the FCM trades will be unable or will refuse to perform with respect to such contracts. Furthermore, principals in the forward markets have no obligation to continue to make markets in the forward contracts traded.

Interest Rate Risk – The value of fixed income securities and derivatives on fixed income securities will generally rise if interest rates fall and, conversely, will generally fall if interest rates rise. Changes in interest rates may also affect the value of equity securities; however, this risk applies primarily to fixed income securities.

Large Redemption Risk – The Fund may have particular investors who own a large proportion of the net asset value of the Fund. For example, other institutions such as banks and insurance companies or other fund companies may purchase securities of the Fund for their own mutual funds, segregated funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of the Fund. If one of those investors redeems a large amount of their investment in the Fund, the Fund may have to sell its portfolio investments at unfavourable prices to meet the redemption request. This can result in significant price fluctuations to the net asset value of the Fund, and may potentially reduce the returns of the Fund.

Leverage 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.

Liquidity Risk – Liquidity risk is the possibility that the Fund won't be able to convert its investments to cash when it needs to. The value of securities which are not regularly traded (less liquid) will generally be subject to greater fluctuation.

Specifically, with respect to futures, most futures exchanges limit fluctuations in certain contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Pursuant to such regulations, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract has increased or decreased by an amount equal to the daily limit, positions in the contract can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Prices of various contracts have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating its unfavorable positions and subject it to substantial losses. While daily limits may reduce or effectively eliminate the liquidity of a particular market, they do not limit ultimate losses, and may in fact substantially increase losses because it may prevent the liquidation of unfavorable positions. There is no limitation on daily price moves in trading forward contracts. In addition, the Fund may not be able to execute trades at favorable prices if little trading in the contracts involved is taking place. Under certain circumstances, the Fund may be required to accept or make delivery of the underlying commodity if the position cannot be liquidated prior to its expiration date. It also is possible that an exchange might suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. Similarly, trading in options on a particular futures contract may become restricted if trading in the underlying futures contract has become restricted.

Margin Risk – Each long or short derivatives position initiated by the Fund requires a margin deposit. The cash in the Fund will be applied to the margin requirements established by the futures commission merchant (which must be at least equal to the margin levels established by the applicable exchange) carrying the Fund's account. A margin deposit is similar to a cash performance bond that helps assure a trader's performance of the futures contract. If the market value of a futures position moves to such a degree that the initial margin deposit is not sufficient to satisfy minimum maintenance requirements, the futures commission merchant will make a "margin call" for additional margin money. The margin call must be satisfied within a reasonable period of time. If the Fund does not make payment of the margin call within a reasonable time, the futures commission merchant may liquidate the open position(s). In periods of high volatility, the exchanges may increase minimum margin levels. Also, the futures commission merchant may elect to increase the amount of margin they require to carry futures positions for their customers even though the applicable exchange did not increase the minimum margin levels.

Market Risk – The risks associated with investing in the Fund depends on the securities held in the Fund. These securities will rise and fall based on company-specific developments and general stock market conditions. Market value will also vary with changes in the general economic and financial conditions in the countries where the investments are based.

Operational Risk - The Fund's day to day operations may be adversely affected by circumstances beyond the reasonable control of Arrow, such as failure of technology or infrastructure, or natural disasters.

Securities Lending Risk –The Fund may engage in securities lending transactions. In a securities lending transaction, the Fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the Fund at a later date an equal number of the same securities and to pay a fee to the Fund for borrowing the securities.

Over time, the value of the securities loaned in a securities lending transaction might exceed the value of the collateral held by the Fund. If the third party defaults on its obligation to return the securities to the Fund, the collateral may be insufficient to enable the Fund to purchase replacement securities and the Fund may suffer a loss for the difference.

Those risks are reduced by requiring the other party to provide collateral to the Fund. The value of the collateral must be at least 102% of the market value of the securities loaned. Securities lending transactions, together with repurchase transactions are limited to 50% of the Fund's assets, excluding collateral or sales proceeds received in a securities lending transaction and cash held by the Funds for securities sold in a repurchase transaction.

In engaging in securities lending, the Fund will bear the risk of loss of any collateral it holds, as well as the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

If securities are on loan on the record date established for a particular voting matter the lender is generally not entitled to exercise the voting right of such loaned securities.

Series Risk –Mutual funds sometimes issue different series of securities of the same fund. Each series has its own fees and expenses, which the Fund tracks separately. However, if one series is unable to meet its financial obligations, the other series are legally responsible for making up the difference.

Share Class Risk – Each Corporate Class has its own assets and liabilities, which are used to calculate its value. Legally, the assets of each Corporate Class are considered the property of Exemplar Portfolios Ltd. and the liabilities of each Corporate Class are considered obligations of Exemplar Portfolios Ltd. That means if any Corporate Class of Exemplar Portfolios Ltd. cannot meet its obligations, the assets of the other Corporate Classes may be used to pay for those obligations. A mutual fund corporation, like a mutual fund trust, is permitted to flow through certain income to investors but in the form of dividends rather than distributions. These are capital gains and dividends from taxable Canadian corporations. However, unlike a mutual fund trust, a mutual fund corporation cannot flow through other income including interest, trust income, foreign source dividends and certain income from derivatives. If this type of income, calculated for Exemplar Portfolios Ltd. as a whole, is greater than the expenses of Exemplar Portfolios Ltd. and other tax deductible amounts, then Exemplar Portfolios Ltd. will be liable to pay income tax. While income tax is calculated for Exemplar Portfolios Ltd. as a whole, any amount payable will be allocated among the Corporate Classes making up Exemplar Portfolios Ltd.

Short Selling Risk – Short selling is the act of borrowing a security to sell high today with the expectation of buying it back at a lower price in the future and then returning the security to the lender. An investor pays a security lender a small fee to borrow the security (usually arranged by a brokerage firm). Risks associated with short selling include the potential that the securities will rise in value or not decline enough to cover the Fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. When engaging in short selling, the Fund adhere to controls and limits that are intended to offset these risks by selling short only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The Fund also deposits collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits. The Fund may also be exposed to short selling risk because the underlying funds in which it invests or to which assets of the Fund obtains exposure may be engaged in short selling.

Small Company Risk – Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Smaller companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid.

Tax Risk – Please see the section "*Income Tax Considerations for Investors"* for information on tax risk.

Underlying Fund Risk –The Fund may pursue its investment objectives indirectly by investing in securities of other funds, including index participation units (e.g., ETFs), in order to gain access to the strategies pursued by those underlying funds. There can be no assurance that any use of such multi-layered fund of fund structures will result in any gains for the Fund. If an underlying fund that is not traded on an exchange suspends redemptions, the Fund will be unable to value part of its portfolio and may be unable to redeem securities. In addition, the portfolio advisor or sub-advisor could allocate the Fund's assets in a manner that results in the Fund underperforming its peers.

About the Corporate Classes

The Corporate Classes are set up differently than traditional mutual funds. When you invest in most traditional mutual funds, such as our trust funds, you buy units of a mutual fund trust. The Corporate Classes instead are classes of shares of Exemplar Portfolios Ltd., which means you buy shares of the corporation.

Both mutual fund trusts and mutual fund corporations allow you to pool your money with other investors, but there are differences between the two types of mutual funds:

- A mutual fund trust has its own investment objectives.
- A mutual fund corporation may have more than one class of shares. Each class has its own investment objectives.
- Mutual fund trusts are separate taxpayers.
- Mutual fund corporations are taxed as a single entity. A multi-class mutual fund corporation, such as Exemplar Portfolios Ltd., must consolidate the income, capital gains, expenses and capital losses from all its classes to determine the amount of tax payable by it.
- A mutual fund trust makes taxable distributions of net income, including net taxable capital gains, to its unitholders.
- A mutual fund corporation pays ordinary dividends or capital gains dividends to its shareholders.

ORGANIZATION AND MANAGEMENT OF THE ARROW ALTERNATIVE MUTUAL FUND

Manager: Arrow Capital Management Inc. 36 Toronto Street Suite 750 Toronto, Ontario M5C 2C5	As manager for the Fund, Arrow manages the overall undertakings of the Fund, including providing administration services, promoting sales of the Fund's securities and making provisions for fund accounting.
Portfolio Advisor: Arrow Capital Management Inc. Toronto, Ontario	As portfolio advisor of the Fund, Arrow provides, or arranges for, investment advice to the Fund.
Custodian: CIBC World Markets Inc.	The custodian holds securities and other portfolio assets, including cash on deposit with financial institutions, on behalf of the Fund.
Prime Brokers: CIBC World Markets Inc. Toronto, Ontario	The prime broker provides brokerage services to the Fund, including trade execution and settlement, custody and margin lending in connection with short selling strategies of the Fund. Arrow, on behalf of the Fund, has entered into a prime brokerage agreement with the prime broker listed in this section or its affiliates. The portfolio manager may change the prime broker or appoint additional prime brokers for the Fund from time to time.
Registrar and Service Provider for Record Keeping Services: RBC Investor Services Trust Toronto, Ontario	The registrar and service provider for record keeping services keep track of the owners of securities of the Fund and processes purchase, switch and redemption orders and issues investor account statements and annual tax reporting information, if applicable.
Securities Lending Agent: CIBC World Markets Inc.	The securities lending agent acts as agent for securities lending transactions for the Fund. The securities lending agent is independent of the Manager.
Auditor: PricewaterhouseCoopers LLP Chartered Professional Accountants Toronto, Ontario	The auditor audits the annual financial statements of the Fund to ensure that they fairly present in all material respects the Fund's financial position, results of operations, changes in net assets and cash flows in accordance with International Financial Reporting Standards.
Independent Review Committee (IRC):	Pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("**NI 81-107**"), Arrow established the IRC to review and provide either an approval or a recommendation on the conflict of interest matters that are referred to it by Arrow in connection with the operation and management of the Fund. In addition, the IRC will perform regular assessments and provide reports as required under NI 81-107. The IRC currently has, and must maintain at least, three independent members.

	The IRC will prepare at least annually a report of its activities for you which will be available at your request at no cost, by contacting us at info@arrow-capital.com. If approved by the IRC, the Fund may change its auditor by sending you a written notice of any such change at least 60 days before it takes effect. Likewise, if approved by the IRC, we may merge the Fund into another mutual fund provided the merger fulfills the requirements of the Canadian securities regulators relating to mutual fund mergers and we send you a written notice of the merger at least 60 days before it takes effect. In either case, no meeting of securityholders of the Fund may be called to approve the change. Additional information about the IRC, including the names of its members, is available in the Fund's annual information form.

When the Fund invests in or obtains exposure to an underlying fund managed by us or any of our affiliates or associates we will not vote any of the securities it holds or is exposed to in the underlying fund. However, we may arrange for you to vote your share of those securities.

PURCHASES, SWITCHES AND REDEMPTIONS

You may purchase or switch Mutual Fund Series securities from the Fund to other funds managed by Arrow or redeem your Mutual Fund Series securities in the Fund through registered dealers in each of the provinces and territories of Canada. You can contact Arrow for the names of registered dealers in your province or territory of residence.

Whether you are buying, selling or switching Mutual Fund Series securities of the Fund, we base the transaction on the value of the Fund security. The price of a security is called the "***net asset value***" or "***NAV***" per security, or the "***security value***". We calculate a separate NAV per security for each series of the Fund by taking the value of the assets of the series of the Fund, subtracting any liabilities of the series of the Fund and dividing the balance by the number of securities held by investors in that series of the Fund.

If we receive your purchase, switch or redemption order for Mutual Fund Series securities prior to 4:00 p.m. (Toronto time) on any business day, we will process your order based on the NAV per security for that date. Otherwise, we will process your order at the NAV per security on the next business day.

Purchases

The Fund has multiple series available for investors. Different purchase options require investors to pay different fees and expenses and, if applicable, the choice of purchase options affects the amount of compensation paid by Arrow to your dealer. See "*Fees and Expenses*" and "*Dealer Compensation*" on pages 15 through 18.

You can invest in the Fund by completing a purchase application, which you can get from your representative. Your initial investment in a Fund must be at least $1,000. Any subsequent purchase must be at least $100.

Series	Feature
Series A Securities	This series of Securities is available to all investors. You may purchase these series of Securities by way of the front-end sales charge (the "**Front-End Securities**"). You may be required to pay your dealer a sales charge

	when you buy these securities. This sales charge is negotiable between you and your dealer. Series A Securities are a Non-Fixed Rate Distribution Series as defined below.
Series F Securities	This series of Securities is generally only available to investors who are enrolled in a dealer sponsored fee-for-service or "wrap" program and who are subject to an annual advisory or asset-based fee rather than commissions for each transaction ("**Fee-Based Securities**"). This series of Securities is not subject to sales charges. In certain circumstances, investors who purchase Fee-Based Securities must enter into an agreement with their dealer which identifies an annual account fee (a "**Fee-Based Account Fee**") negotiated with their financial advisor and payable to their dealer. This Fee-Based Account Fee is in addition to the management fee payable by the Fund for Fee-Based Securities. Series F Securities are a Non-Fixed Rate Distribution Series as defined below.
Series I Securities	Series I Securities are typically for institutional investors such as pension plans, endowment funds and corporations, high net worth individuals and group RRSPs that maintain a minimum investment in the Fund as negotiated with Arrow. You may be required to pay your dealer a sales charge when you buy these securities. This sales charge is negotiable between you and your dealer. Series I Securities are a Non-Fixed Rate Distribution Series as defined below.

"**Non-Fixed Rate Distribution Series**" are designed for investors who do not wish to receive regular payments from the Fund. Each December, the Fund will pay an annual dividend of its taxable income, if any, to holders of the Non-Fixed Rate Distribution Series.

You should not confuse the dividend rate with the Fund's rate of return or the yield of its portfolio.

All dividends will be reinvested, without charge, in additional securities of that series, unless you elect in advance to receive them in cash.

Payment for securities of the Fund must be received within two business days of your order or we will redeem your securities on the next business day. If the proceeds are greater than the payment you owe, the Fund is required by securities regulation to keep the difference. If the proceeds are less than the payment you owe, your dealer must pay the difference (and your dealer may seek to collect this amount plus expenses from you).

We may reject your purchase order within one business day of receiving it. Any monies sent with your order will be returned immediately.

Switches

You can switch your Securities from the Fund to another fund in our group of funds, including any new mutual fund which is created and offered by Arrow after the date of this document (provided that securities of the new mutual fund have been qualified for sale in your province or territory of residence). A switch involves the redemption of the Securities of the Fund and a purchase of securities in another permitted fund.

Front-End Securities of the Fund can only be exchanged for other Front-End Securities of the Fund or another permitted fund also offered under the initial sales charge option.

The switch of securities by a securityholder from the Fund to another fund will constitute a disposition of such securities for purposes of the *Income Tax Act (Canada)* (the "**Tax Act**"). As a result, a taxable securityholder will generally realize a capital gain or capital loss on such securities. The capital gain or loss for tax purposes in respect of the securities will generally be the difference between the security price of such securities at that time (less any fees) and the adjusted cost base of those securities.

You can change or convert your securities of one series to securities of another series of the same Fund by contacting your representative. No fees apply. You can only change securities into a different series if you are eligible to buy such securities. Changing or converting securities from one series to another series of the same Fund is generally not a disposition for tax purposes, but you should consult your own tax advisors in this regard.

Redemptions

You may redeem your Mutual Fund Series securities in the Fund at the net asset value of such securities on demand by providing written notice. Your dealer is required to forward your redemption order to our offices on the same day the dealer receives it from you. Your written redemption order must have your signature guaranteed by a bank, trust company or dealer for your protection.

If we do not receive all of the documentation we need from you to complete your redemption order within ten business days, we must repurchase your securities. If the sale proceeds are greater than the repurchase amount, the Fund is required by securities regulation to keep the difference. If the sale proceeds are less than the repurchase amount, your dealer will be required to pay the Fund the difference (and your dealer may seek to collect this amount plus expenses from you).

No redemption charges apply to Front-End Securities, unless the securities are subject to the short-term trading redemption charge described below.

Minimum Balance

If the value of your Securities in the Fund is less than $1,000, we may sell your Securities and send you the proceeds. We will give your representative 30 days' notice first.

If we become aware that you no longer qualify to hold Fee-Based Securities, we may change your Securities to Front-End Securities after we give your representative 30 days' notice.

The minimum balance amounts described above are determined from time to time by us in our sole discretion. They may also be waived by us and are subject to change without notice.

Short-Term Trading

Arrow has adopted policies and procedures to detect and deter short-term trading. Short-term trades are defined as a combination of a purchase and redemption within a short period of time that Arrow believes is detrimental to other investors in the Fund.

The interests of securityholders and the Fund's ability to manage its investments may be adversely affected by short-term trading because, among other things, these types of trading activities can dilute the value of securities, can interfere with the efficient management of the Fund and can result in increased administrative costs to the Fund. While Arrow will actively take steps to monitor, detect and deter short-term trading, it cannot ensure that such trading activity will be completely eliminated.

If a securityholder switches or redeems securities of the Fund within 90 days of purchase (including securities received on the automatic reinvestment of dividends within such 90-day period), the Fund may charge a short-term trading fee of up to 2% of the net asset value of the securities switched or redeemed. See "*Fees and Expenses - Fees and Expenses Payable Directly by You*" on page 17.

Arrow may take such additional action as it considers appropriate to prevent further similar activity by an investor who utilizes short-term trades. These actions may include the delivery of a warning to the investor, placing the investor on a watch list to monitor his/her trading activity and the subsequent refusal of further purchases by the investor if the investor continues to attempt such trading activity and closure of the investor's account.

Suspending your right to buy, switch and redeem securities

Securities regulations allow the Manager to temporarily suspend your right to redeem your Fund securities and postpone payment of your sale proceeds:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50% of the Fund's value or its underlying market exposure are traded and there's no other exchange where these securities or derivatives are traded, or
- with the approval of securities regulators.

The Manager will not accept orders to buy Fund securities during any period when the Manager has suspended investors' rights to redeem their securities.

You may withdraw your redemption or exchange request before the end of the suspension period. Otherwise, the Manager will redeem your securities at the net asset value per security next calculated when the suspension period ends.

OPTIONAL SERVICES

This section tells you about services that are available to investors in Mutual Fund Series securities of the Fund.

Registered Tax Plans

Registered tax plans may be available through Arrow or a securityholder's broker, dealer or advisor. Securityholders should contact Arrow or their broker, dealer or advisor directly about these services.

Pre Authorized Payment Plan

Under a pre-authorized payment plan, you can indicate a regular amount of investment (not less than $100) to be made on a periodic basis, the Fund in which the investment is to be made, and the bank chequing account from which the investment amount is to be debited. You may suspend or terminate such a plan on ten days' prior written notice to us. The minimum initial subscription amount is $1,000.

Automatic Withdrawal Plan

You can establish an automatic withdrawal plan, provided you are not investing through a retirement savings plan and your account has a minimum value of $10,000. Under an automatic withdrawal plan, you can indicate a regular amount of cash withdrawal (not less than $100) to be made on a periodic basis, the Fund from which the investment is to be withdrawn, and the bank chequing account to which the withdrawn amounts are to be credited. Withdrawals will be made by way of redemption of securities, and it should be noted that if withdrawals are in excess of dividends and net capital appreciation, they will result in encroachment on, or possible exhaustion of, your original capital. If you choose the automatic withdrawal plan, all dividends declared on securities held under such a plan in respect of the Fund must be reinvested into additional securities of the Fund. You may modify, suspend or terminate an automatic withdrawal plan on ten days' prior written notice to us.

FEES AND EXPENSES

The tables below list:

- all fees and expenses which are paid directly by the Fund before its security prices are calculated, and which therefore indirectly reduce the value of your investment; and
- all fees and expenses payable directly by you.

Fees and Expenses Payable by the Fund

<table>
<tr><td>Management Fees</td><td colspan="2">Management fees represent the fees payable to Arrow for the services it provides. Arrow is responsible for all expenses related to the management of the Fund's investment portfolio, including investment consulting fees and research expenditures incurred by it and fees charged by investment or other advisers employed by it. We are also responsible for payment of all trailing commission, advertising and promotional expenses incurred in respect of the Fund.

The annual management fees payable by the Fund are as follows (plus applicable GST, HST and any applicable provincial sales taxes). Arrow reserves the right to offer selected purchasers who meet certain criteria a management fee rebate. A holder of Series I Securities pays a negotiated management fee directly to the Manager. The management fee in respect of Series I Securities will be different for each investor, and will not exceed 1.95%.</td></tr>
<tr><td></td><td colspan="2">Annual Management Fee</td></tr>
<tr><td>Fund</td><td>Series A</td><td>Series F</td></tr>
<tr><td>Arrow Global Opportunities Alternative Class</td><td>1.95%</td><td>0.95%</td></tr>
<tr><td>Performance Fees</td><td colspan="2">Each series of the Fund will pay to the Manager in respect of each calendar year of the Fund a performance bonus per Security (the "Performance Bonus") equal to the percentage stated below of the amount by which the Adjusted Net Asset Value per Security at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Security previously achieved. For these purposes, "Adjusted Net Asset Value per Security" of any series of securities of the Fund means the Net Asset Value per Security 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 dividends previously declared on a per Security basis in respect of such series of Security. The Performance Bonus for the Fund will be calculated and accrued each day the Net Asset Value of the Funds is calculated, but will only be payable following the end of the fiscal year of the Fund based on the actual annual performance of the Fund.

Notwithstanding the foregoing, no Performance Bonus will be payable with respect to any fiscal year of the Fund unless the Adjusted Net Asset Value per Security of the Fund at the end of such fiscal year exceeds the Net Asset Value per Security at the end of the preceding year (or on the date the Securities are first issued), plus the</td></tr>
</table>

<table>
<tr><td></td><td colspan="2">aggregate amount of all dividends previously declared on a per security basis, by a minimum percentage as stated below (the "Hurdle Rate").

If any securities of the Fund are purchased during the calendar year, the Hurdle Rate will be prorated in the calculation of the Performance Bonus with respect to those securities, in the same manner as described above.

If any securities of the Fund are redeemed prior to the end of a calendar year, a Performance Bonus will be payable on the redemption date in respect of each such security in the same manner as described above. For greater certainty, the Hurdle Rate will be prorated in the calculation of the Performance Bonus on a security redeemed during the calendar year.</td></tr>
<tr><td></td><td>Performance Bonus</td><td>Hurdle Rate</td></tr>
<tr><td>Arrow Global Opportunities Alternative Class</td><td>15%</td><td>5%</td></tr>
<tr><td>Operating Expenses</td><td colspan="2">The Fund pays for all expenses incurred in connection with its operation and administration, including applicable GST, HST and any applicable provincial sales taxes. Such costs and expenses may include, without limitation, the fees and expenses of the members of the IRC appointed under NI 81-107 and expenses related to compliance with NI 81-107; regulatory fees including participation or other fees payable by the Manager under applicable securities legislation; accounting; audit; valuation; legal; registrar and transfer agency, custodial and safekeeping fees; taxes; brokerage commissions; fees and expenses relating to the implementation of portfolio transactions; interest; securityholder servicing costs; securityholder meeting costs; printing and mailing costs; litigation expenses; amounts paid for damages awarded or as settlements in connection with litigation; lease payments (including prepaid portions thereof); costs of office space, facilities and equipment; costs of financial and other reports and prospectuses that are used in complying with applicable securities legislation; and any new fee that may be introduced by a securities authority or other governmental authority that is calculated based on assets or other criteria of the Fund. 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 expenses of the Fund and other investment funds managed by Arrow will be allocated among the Fund and other funds, as applicable. The Fund will bear separately any expense item that can be attributed specifically to the Fund. Common expenses of the Fund and other funds will be allocated based on a reasonable allocation methodology which will include allocations based on the assets of the Fund or the number of securityholders of the Fund or other methodology we determine is fair.

The fees and other reasonable expenses of the IRC are paid pro rata out of the assets of the Fund, as well as out of the assets of the other investment funds managed by Arrow for which the IRC acts as the independent review committee. The fees for members of the IRC consist of an annual retainer in the amount of $14,000 per member. The chair of the IRC is entitled to an additional fee of $4,000. Expenses of the IRC include premiums for insurance coverage, legal fees, travel expenses and other reasonable out-of-pocket expenses. These fees and expense reimbursements are allocated across all investment funds that are managed by Arrow in a manner that is fair and reasonable. The total amount of fees paid to the IRC by all investment funds managed by Arrow for the fiscal year ended December 31, 2020 was $46,000.</td></tr>
</table>

Underlying fund fees and expenses	From time to time the Fund may invest in and hold securities of other investment funds. There are fees and expenses payable by the other investment funds in addition to the fees and expenses payable by the Fund. No management fees or performance fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the other investment fund for the same service and no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the other investment fund if the other investment fund is managed by the Arrow or an affiliate or associate of the manager of the Fund, and no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of securities of the other investment fund that, to a reasonable person, would duplicate a fee payable by an investor in the Fund.

Fees and Expenses Payable Directly by You

Sales Charges on Front-End Securities	A maximum of 5% of the amount you invest in the Fund. The amount of the fee is a matter negotiable between you and your dealer. Sales charges are only applicable to Front-End Securities.
Redemption Fees	No redemption charges apply to the redemption or sale of Front-End and Series I Securities, unless the Securities are subject to the short-term trading redemption charge described below.
Switch Fees	Up to 5% of the amount you wish to switch between the Fund and other funds managed by Arrow. The amount of the fee is a matter negotiable between you and your dealer. If a securityholder switches Securities of the Fund within 90 days of purchase, the Fund may charge a short-term trading fee. This short-term trading fee would be over and above any switch fee which the broker, dealer or advisor may charge.
Short-term Trading Fees	The Fund may charge you a short-term trading fee of up to 2% of the net asset value of the Securities if you redeem or switch Securities of the Fund within 90 days of the date of purchase (including Securities received on the automatic reinvestment of dividends within such 90-day period). This short-term trading fee would be over and above any switch fee which the broker, dealer or advisor may charge.
Registered Tax Plan Fees	Fees payable will be determined by the trustees of a licensed trust company for such plans.
Fee-Based Account Fee	In certain circumstances, if you purchase Fee-Based Securities, you may pay a Fee-Based Account Fee. Fee-Based Account Fees are negotiable with your financial advisor and paid to your dealer.

Any change in any contract or the entering into of any new contract as a result of which the basis for the calculation of the fees or other expenses that are charged to the Fund which could result in an increase in charges to the Fund, must be approved by a majority of the votes cast at a meeting of the securityholders of the Fund called for such purpose. Such approval is not required in respect of a change in a contract or a new contract made by the Fund at arm’s length and with parties other than Arrow or an associate or affiliate of Arrow for all or part of the services it requires to carry on its operations, provided that securityholders are given at least 60 days’ notice before any contract is entered into or the effective date of any change, as applicable.

IMPACT OF SALES CHARGES

The following table shows the amount of fees that you would have to pay if you made an investment of $1,000 in the Funds and redeemed immediately before the end of that period.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Front-End Securities - Front-End Sales Charge(1)	$50.00	$ -	$ -	$ -	$ -
Series I	$50.00	$-	$-	$-	$-

(1) This assumes the maximum sales charge of 5% of the amount invested.

DEALER COMPENSATION

Sales Commissions and Switching Fees

You will pay your dealer a sales commission at the time of your purchase of Front-End and Series I Securities, such commission being up to 5% of the amount you invest. The actual percentage is a matter negotiable between you and your dealer. Sales charges are not paid when you switch between series of the Fund, or between the Fund and another fund managed by Arrow, but a switch fee of up to 5% may be charged to you and retained by your dealer. The amount of any switch fee is a matter negotiable between you and your dealer. No sales commissions are paid when you receive securities from reinvested dividends. Sales commissions and switching fees are only applicable to Front-End and Series I Securities.

If you purchase Fee-Based Securities, you may have to pay a Fee-Based Account Fee to your dealer. Fee-Based Account Fees are negotiated with your financial advisor.

Trailing Commission

We pay your dealer a trailing commission monthly on Front-End Securities for the ongoing advice and service you receive from your dealer relating to the Fund. Dealers receive this service fee based on the aggregate security value of their clients' investment in the Fund. We also pay trailing commissions to the discount broker for securities you purchase through your discount brokerage account. We may pay your dealer a trailing commission monthly on Series I securities of the Fund, if applicable, which is a matter negotiable between Arrow and your dealer, and will not exceed 1.00% per year. We may change or cancel the terms of trailing commissions that we pay at any time. The following table outlines the annual trailer fee rates associated with the Fund:

	Front-End Securities	Fee-Based Securities
Arrow Global Opportunities Alternative Class	1.00%	None

Other Kinds of Dealer Compensation

We may share with dealers up to 50% of their eligible costs in marketing securities of the Fund (upon approval of Arrow's compliance department). For example, we may pay a portion of the costs of a dealer in advertising the availability of the Fund through the financial advisors of that dealer. We may also pay part of the costs of a dealer in running a seminar to inform investors about the Fund or about the general benefits of investing in the Fund.

We may also pay up to 10% of the costs of some dealers to hold educational seminars or conferences for their financial advisors to teach them about, among other things, new developments in the mutual fund industry, financial planning or new financial products (upon approval by Arrow's compliance department). The dealer makes all decisions about where and when the conference is held and who can attend.

We may also arrange for seminars for financial advisors where we inform them about new developments in the Fund, our products and services and mutual fund industry matters. We will invite dealers to send their financial advisors to any such seminars and such dealers (and not us) will decide who attends. The financial advisors will be required to pay their own travel, accommodation and personal expenses of attending any such seminars.

DEALER COMPENSATION FROM MANAGEMENT FEES

During the financial year ended December 31, 2021, we paid to dealers, who distributed Securities of the Fund, sales and servicing commissions equal to approximately 0% of the total management fees we received.

INCOME TAX CONSIDERATIONS FOR INVESTORS

The following is a general summary of the principal Canadian federal income tax considerations applicable to an individual (other than a trust) who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with and is not affiliated with the Fund or Arrow, and holds Securities as capital property. Generally, your investment in the Fund will be capital property unless you are considered to be trading or dealing in securities or have acquired your investment in a transaction considered to be an adventure or concern in the nature of trade. Certain securityholders can file an election to treat all future dispositions of certain property, including Securities of the Fund, to be capital property.

This summary is based on the current provisions of the Tax Act, but does not take into account or anticipate any changes in law whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, you are advised to consult your own tax advisor about your particular tax situation.

Taxation of the Corporate Classes

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

Exemplar Portfolios Ltd. must include the revenues, deductible expenses, and capital gains and losses of all of its investment portfolios when it calculates its taxable income. We will, on a discretionary basis, allocate the income or loss of Exemplar Portfolios Ltd., and the applicable taxes payable and recoverable to each of its respective share classes. Exemplar Portfolios Ltd. may pay ordinary taxable dividends or capital gains dividends to shareholders of any class in order to receive a refund of taxes on Canadian dividends and capital gains taxes under the refund mechanisms described above. The Corporate Classes are only allowed to distribute Canadian dividend and capital gains dividends to its shareholders. The Corporate Classes cannot distribute interest or foreign income to shareholders. This income needs to be retained with the Corporate Classes which will be subject to taxation unless expenses are used to offset.

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an "offshore investment fund property" ("**OIF Property**"). If applicable, these rules would generally require Exemplar Portfolios Ltd. to include in income for each taxation year in which it owns OIF Property (i) an imputed return for the taxation year computed on a monthly basis and determined by multiplying the Fund's "designated cost" (as defined in the Tax Act) of the OIF Property at the end of the month, by 1/12th of the sum of the applicable prescribed rate for the period that includes such month plus 2%, less (ii) the Fund's income for the year (other than a capital gain) from OIF Property determined without reference to these rules. Any amount required to be included in computing the Fund's income under these provisions will be added to the adjusted cost base to the Fund of such OIF Property.

Types of Income from the Fund

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

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

Fund held in Registered Plans

Securities of the Fund are qualified investments for registered plans.

For these purposes, a registered plan ("**Registered Plan**") means a trust governed by such plans as:

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

Note that not all Registered Plans are available in all provinces or territories. The Fund may be eligible for other Registered Plans offered through your representative's firm.

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

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

Funds held in Non-Registered Accounts

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

- Any dividends paid to you by Exemplar Portfolios Ltd., whether you receive them in cash or you reinvest them in shares of the Fund. These dividends (which must be computed in Canadian dollars) may include ordinary taxable dividends or capital gains dividends. Ordinary taxable dividends are subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations and include “eligible dividends” which are subject to an enhanced gross-up and dividend tax credit. Capital gains dividends are treated as capital gains realized by you. In general, you must include one-half of the amount of a capital gain in your income for tax purposes.

- The taxable portion of any capital gains you realize from selling or redeeming your securities (including to pay fees described in this document) or switching your securities (including a switch of securities of the Fund for securities of another fund) when the value of the securities is greater than their adjusted cost base plus reasonable costs of disposition (including any redemption fees). If the value of securities sold is less than their adjusted cost base plus reasonable costs of disposition (including any redemption fees), you will have a capital loss. Generally, you may use capital losses you realise to offset capital gains.

- Generally, the amount of any management fee rebates paid to you. However, an election may be available in certain circumstances that allows you to reduce the adjusted cost base of the respective securities by the amount of the management fee rebate that would otherwise be included in income. You should consult with your tax advisor regarding the availability of this election in your particular circumstances.

We will issue a tax slip to you each year for Exemplar Portfolios Ltd. that shows the taxable amount of your dividends and any federal dividend tax credit that applies, as well as any capital gains dividends paid by Exemplar Portfolios Ltd.

Dividends and capital gains dividends declared by Exemplar Portfolios Ltd. and capital gains realized on the disposition of securities may give rise to alternative minimum tax.

You should consult your tax advisor about the tax treatment in your particular circumstances of any investment advisory fees you pay to your financial advisor when investing in the Funds and any management fee rebates paid to you.

Dividends

Dividends from the Fund (whether in the form of cash or in the form of reinvested securities) may include a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your securities. If the adjusted cost base of your securities becomes a negative amount at any time in a taxation year, you will be deemed to realize a capital gain equal to that amount and the adjusted cost base of your securities will be reset to zero. The tax slip we will issue to you each year will show you how much capital was returned to you in respect of your securities.

Dividends may result from foreign exchange gains because the Fund is required to report income and net realized capital gains in Canadian dollars for tax purposes.

The history of dividends paid from the Fund is no indication of future dividend payments. Several factors determine the dividends to be paid from the Fund. These include, but are not limited to, net conversions, realized and unrealized gains, and distributions from the underlying investments. Exemplar Portfolios Ltd. can choose to pay dividends on shares of any class.

The security price of the Fund may include income and capital gains that the Fund has earned, but not yet realized (in the case of capital gains) and/or paid out as a dividend. If you buy securities of the Fund just before it pays dividend, you will be taxed on that dividend. You may have to pay tax on income or capital gains the Fund earned before you owned it. This may be particularly significant if you are purchasing later in the year. See the individual Fund description in Part B of this simplified prospectus for the dividend policy of the Fund.

The higher the Fund's portfolio turnover rate is in a year, the greater the chance that you will receive a taxable dividend from the Fund. There is no necessary relationship between the Fund's turnover rate and its performance, although the larger trading costs associated with a high portfolio turnover rate would reduce the Fund's performance.

Calculating your Capital Gain or Loss

Your capital gain or loss for tax purposes is the difference between the amount you receive when you sell your securities or the fair market value of securities that you switch (after deducting any redemption fees or other charges) and the adjusted cost base of those securities.

Generally, switching one series of securities of the Fund to another series of securities of a different fund will result in a disposition for tax purposes, so a capital gain or loss will arise. If redeemed securities are held outside a Registered Plan, you may realize a capital gain or a capital loss.

In general, the adjusted cost base of each of your securities of a particular series of the Fund at any time equals:

- your initial investment for all your securities of that series of the Fund (including any sales charges paid), **plus**
- your additional investments for all your securities of that series of the Fund (including any sales charges paid), **plus**
- reinvested dividends or management fee rebates in additional securities of that series of the Fund, **minus**
- any return of capital or dividends by the Fund in respect of securities of that series of the Fund, **minus**
- the adjusted cost base of any securities of that series of the Fund previously redeemed,
  all divided by
- the number of securities of that series of the Fund that you hold at that time.

You should keep detailed records of the purchase cost of your investments and dividends you receive on those securities so you can calculate their adjusted cost base. All amounts (including adjusted cost base, dividends and proceeds of disposition) must be computed in Canadian dollars. Other factors may affect the calculation of the adjusted cost base and you may want to consult a tax advisor.

In certain situations where you dispose of securities of the Fund and would otherwise realize a capital loss, the loss will be denied. This may occur if you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired securities of the same Fund (which are considered to be "substituted property") within 30 days before or after you dispose of your securities. In these circumstances, your capital loss may be deemed to be a "superficial loss" and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the securities which are substituted property.

Tax Information

Arrow will provide your transaction statements and the applicable annual tax information slips reporting your dividends, net realized capital gains and returns of capital required to complete your income tax return unless your dealer prepares and provides such documentation and information themselves. Accordingly, you should speak to your dealer to ensure that such documentation and information will be provided.

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the U.S. (the "**IGA**") and related Canadian legislation found in Part XVIII of the Tax Act (collectively "**FATCA**"), certain securityholders may be requested to provide information to the Fund., or their registered dealer, relating to their citizenship, tax residency and, if applicable, a U.S. federal tax identification number ("**TIN**"). If a securityholder is identified as a U.S. person (including a U.S. citizen who is resident in Canada) or if the securityholder does not provide the requested information and the information on file includes indicia of U.S. person status, the IGA and Part XVIII of the Tax Act will generally require certain information about the securityholder's investment in the fund to be reported to the Canada Revenue Agency ("**CRA**"), unless the investment is held in a Registered Plan. The CRA will then provide the information to the U.S. Internal Revenue Service on an annual basis.

Pursuant to Part XIX of the Tax Act implementing the Organization for Economic Cooperation and Development Common Reporting Standard in Canada, the Fund is required to have procedures in place to identify accounts held by securityholders (other than Registered Plans) that are tax residents of foreign countries (other than the U.S.) and to report annually certain information pertaining to these accounts to the CRA. The CRA will then exchange that information with other participating jurisdictions under the provisions and safeguards of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. The due diligence and reporting requirement under FATCA operate alongside the CRS regime.

WHAT ARE YOUR LEGAL RIGHTS?

Mutual Fund Series Securities

Securities legislation in some provinces and territories provide you with the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus, or fund facts or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund securities and get your money back, or to make a claim for damages, if the simplified prospectus, the Fund's annual information form, the Fund's fund facts or financial statements misrepresent any facts about the Fund. These rights usually must be exercised within certain time limits. **For more information, refer to the securities legislation of your province or territory or consult your lawyer.**

ADDITIONAL INFORMATION

Exemptions and Approvals

The Fund has obtained exemptive relief from securities regulators:

1) to permit the Fund to short sell securities having an aggregate market value of up to 100% of the Fund's NAV by exempting Fund from the following provisions of NI 81-102:

    i) Subparagraph 2.6.1(1)(c)(v), which restricts the Fund from selling a security short if, at the time, the aggregate market value of all securities sold short by the Fund exceeds 50% of the Fund's NAV; and

    ii) Section 2.6.2, which prohibits the Fund from borrowing cash or selling securities short if, immediately after entering into a cash borrowing or short selling transaction, the aggregate value of cash borrowed combined with the aggregate market value of all securities sold short by the Fund would exceed 50% of the Fund's NAV;

    (the "**Market-Neutral Strategy Relief**")

2) exempting the Fund from the requirement in subsection 6.8.1(1) of NI 81-102, which provides that, except as provided in sections 6.8, 6.8.1 and 6.9 of NI 81-102, all portfolio assets of the Fund must be held under the custodianship of one custodian that satisfies the requirement of section 6.2 of NI 81-102, in order to permit the Fund to deposit portfolio assets with a borrowing agent that is not the Fund's custodian or sub-custodian in connection with a short sale of securities, if the aggregate market value of the portfolio assets held by the borrowing agent after such deposit, excluding the aggregate market value of the proceeds from outstanding short sales of securities held by the borrowing agent, does not exceed 25% of the NAV of the Fund at the time of deposit (the "**Short Sale Collateral Relief**"); and

3) exempting the Fund from the requirement in subsection 6.1(1) of NI 81-102 to permit the Fund to appoint more than one custodian, each of which is qualified to be a custodian under section 6.2 of NI 81-102 and each of which is subject to all of the other requirements in Part 6 of NI 81-102 other than the prohibition against the Fund appointing more than one custodian in subsection 6.1(1) of NI 81-102 (the "**Custodian Relief**").

The custodian of the Fund is disclosed under the heading "*Organization and Management of the Arrow Alternative Mutual Fund - Custodian*" in this simplified prospectus. The Manager may appoint additional custodians in the future for the Fund in accordance with the Custodian Relief provided that the additional custodians are one of the Fund's prime brokers. The terms of any custodial agreement entered into with an additional custodian will comply with the requirements of NI 81-102 and will be filed as a material contract of the Fund following its execution.

In connection with the Market-Neutral Strategy Relief, the Manager has implemented the policies and procedures described under the heading "*Fund Governance - Policies and Procedures - Short Selling*" in the annual information form of the Fund.

Upon the appointment of an additional custodian for the Fund, the Manager will implement the operational systems and processes in respect of the Fund pursuant to the Custodian Relief as described under the heading "*Fund Governance – Policies and Procedures - Custodial Arrangement*" in the annual information form of the Fund.

PART B

SPECIFIC INFORMATION ABOUT THE ALTERNATIVE MUTUAL FUND DESCRIBED IN THIS DOCUMENT

Part B of this document contains specific information about the Fund, including particulars of its investment objective, strategies and risks. All of the descriptions are organized in the same way, under these headings and subheadings:

Fund Details

This section gives you a snapshot of the Fund with information such as the type of Fund, the Fund's creation date, the series of securities it offers and its eligibility for Registered Plans.

What does the Fund Invest In?

This section includes the Fund's fundamental investment objective and the investment strategies it uses in trying to achieve its objective. Any change to the *investment objective* must be approved by a majority of votes cast at a meeting of securityholders held for that reason.

How the fund uses derivatives

A derivative is an investment that derives its value from another investment - called the *underlying investment*. This could be a stock, bond, interest rate, currency or market index. Derivatives usually take the form of a contract with another party to buy or sell an asset at a later time. Some examples of derivatives are options, futures, forward contracts and swaps.

The Fund may use derivatives as permitted by securities regulations. It may use them to:

- hedge its investments against losses from factors like currency fluctuations, stock market risks and interest rate changes; or
- invest indirectly in securities or financial markets, provided the investment is consistent with the Fund's investment objective.

When the Fund uses derivatives for purposes other than hedging, it holds enough cash or money market instruments to fully cover its position in the derivative, as required by securities regulations.

How the fund engages in securities lending transactions

The Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions as permitted by securities regulations.

A *securities lending transaction* is where the Fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the Fund at a later date an equal number of the same securities and to pay a fee to the Fund for borrowing the securities. While the securities are borrowed, the borrower provides the Fund with collateral consisting of a combination of cash and securities. In this way, the Fund retains exposure to changes in the value of the borrowed securities while earning additional fees.

A *repurchase transaction* is where the Fund sells portfolio securities that it owns to a third party for cash and simultaneously agrees to buy back the securities at a later date at a specified price using the cash received by the Fund from the third party. While the Fund retains its exposure to changes in the value of the portfolio securities, it also earns fees for participating in the repurchase transaction.

A *reverse repurchase transaction* is where the Fund purchases certain types of debt securities from a third party and simultaneously agrees to sell the securities back to the third party at a later date at a specified price. The difference between the Fund's purchase price for the debt instruments and the resale price provides the Fund with additional income.

As indicated above, securities lending, repurchase and reverse repurchase transactions enables the Fund to earn additional income and thereby enhance its performance.

The Fund will not enter into a securities lending transaction or a repurchase transaction if, immediately thereafter, the aggregate market value of all securities loaned by the Fund and not yet returned to it or sold by the Fund in repurchase transactions and not yet repurchased would exceed 50% of the total assets of the Fund (exclusive of collateral held by the Fund for securities lending transactions and cash held by the Fund for repurchase transactions).

Short Selling Activities

The Fund may also engage in short selling as permitted by securities regulations. A "short sale" is where the Fund borrows securities from a securities lender and then sells the securities in the open market (or "sells short" the securities). The proceeds from the short sale are deposited with the lender as collateral and the Fund pays interest to the lender for the securities it has borrowed. At a later date, the same number of securities are repurchased by the Fund and returned to the securities lender. If the value of the securities goes down between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund makes a profit on the difference (less the interest the Fund is required to pay to the lender). Engaging in disciplined and limited short selling provides the Fund with an opportunity to control volatility and enhances performance in declining or volatile markets.

There are risks associated with short selling, namely that the securities will rise in value or not decline enough to cover the Fund's costs, or that market conditions will cause difficulties in the sale or repurchase of the securities. In addition, the lender could become bankrupt before the transaction is complete, causing the Fund to forfeit the collateral it deposited when it borrowed the securities. However, Arrow will manage the risks associated with short selling using several controls, including:

- Securities will be sold short only for cash.
- A security sold short shall not be: (i) a security that the Fund is otherwise not permitted to purchase at the time of the short sale transaction; (ii) an illiquid asset; or (iii) a security of an investment fund unless the security is an index participation unit.
- At the time securities of a particular issuer are sold short by the Fund, the Fund will have borrowed or arranged to borrow from a borrowing agent the security that is to be sold under the short sale transaction.
- At the time securities of a particular issuer are sold short by the Fund, the aggregate market value of all securities of that issuer sold short will not exceed 10% of the net assets of the Fund and, as described under the heading "*Additional Information – Exemptions and Approvals*", in accordance with the Market-Neutral Strategy Relief, the aggregate market value of all securities sold short by the Fund will not exceed 100% of the net assets of the Fund.
- The Fund may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions.

Investing in or obtaining exposure to underlying funds

The Fund may invest in underlying funds that are subject to NI 81-102, including alternative mutual funds and non-redeemable investment funds, which may be managed by Arrow or an affiliate of Arrow, either directly or by gaining exposure to an underlying fund through a derivative.

Such investments may be entered into in conjunction with other strategies and investments in a manner considered most appropriate to achieving the Fund's investment objectives and enhancing returns as permitted by securities regulations.

The Fund is also permitted to invest in gold, silver or other physical commodities or instruments (such as derivatives and ETFs) that provide exposure to physical commodities.

Given the incorporation of the alternative mutual funds into NI 81-102, this ETF relief is only relevant for U.S. listed exchange traded funds.

The Fund has obtained permission from the regulators to invest up to 10% of its net assets (taken at market value at the time of the investment) in exchange traded funds listed on a Canadian or United States stock exchange that seek to replicate the daily performance of either: (a) a widely-quoted market index (i) in an inverse multiple of 100% (an "**Inverse ETF**"), or (ii) by a multiple of up to 200% or an inverse multiple of up to 200% (in either case, a "**Leveraged ETF**"); or (b) gold or silver on an unlevered basis (a "**Commodity ETF**" and, together with Inverse ETFs and Leveraged ETFs, "**Permitted ETFs**"). In each case: (a) the investment will be made by the Fund in accordance with its investment objective; (b) the aggregate investment by the Fund in Permitted ETFs will not exceed 10% of the Fund's net asset value, taken at market value at the time of purchase; and (c) the Fund will not purchase securities of Inverse ETFs or Leveraged ETFs or short sell securities of any issuer if, immediately after such purchase or short sale, the Fund's aggregate market value exposure represented by all such securities purchased and/or sold short would exceed 100% of the net assets of the Fund, taken at market value at the time of the transaction

Portfolio Turnover Rate

The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor or sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

What are the Risks of Investing in the Fund?

This section shows the specific risks associated with an investment in the Fund. For an explanation of these risks, see *"What are the Risks of Investing in a Mutual Fund?"* starting on page 3.

Fund Risk Classification Methodology

The methodology used to determine the Fund's investment risk level for purposes of disclosure in this prospectus is based on the Investment Risk Classification Methodology in NI 81-102 that came into force effective September 1, 2017, as such methodology may be amended and updated from time to time (the "**Methodology**"). The Methodology reflects the view of the Canadian Securities Administrators ("**CSA**") that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. However, the Manager and the CSA recognize that other types of risk, both measurable and non-measurable, may exist and we remind you that the Fund's historical performance may not be indicative of future returns and that the Fund's historical volatility may not be indicative of its future volatility. There may be times when the Methodology produces a result that the Manager believes is inappropriate in which case the Manager may re-classify the Fund to a higher risk level, if appropriate.

Based on the Methodology, the Fund's risk level, as described in this document, is determined in accordance with a standardized risk classification methodology that is based on the Fund's historical volatility as measured by the 10-year standard deviation of the returns of the Fund. If the Fund does not have at least ten years of performance history, a reference index that is expected to reasonably approximate the Fund's standard deviation is used as a proxy for the ten-year period. The Fund is assigned an investment risk level in one of the following categories:

Low – for Funds with a standard deviation range of 0 to less than 6;

Low-to-Medium – for Funds with a standard deviation range of 6 to less than 11;

Medium – for Funds with a standard deviation range of 11 to less than 16

Medium-to-High – for Funds with a standard deviation range of 16 to less than 20; and

High – for Funds with a standard deviation range of 20 or greater.

The risk ratings set forth in the table below do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding an individual investor's personal circumstances. The following sets out the reference index for the Fund which has less than 10 years of performance history.

Mutual Fund	Reference Index	Risk Rating
Arrow Global Opportunities Alternative Class	MSCI World Net Total Return USD Index	Medium

Although monitored on a semi-annual basis, we review the investment risk level of the Fund on an annual basis and each time a material change is made to the Fund's investment strategies and/or investment objective.

Information about the Methodology is available on request, at no cost, by calling us toll-free at 1-877-327-6048 or by sending an email to info@arrow-capital.com.

Historical performance may not be indicative of future returns and the Fund's historical volatility may not be an indication of its future volatility.

Who Should Invest in the Fund?

This section tells you the type of investment portfolio or investor the Fund may be suitable for. This is meant as a general guide only. For advice about your own circumstances, you should consult your financial advisor.

Dividend Policy

This section tells you when the Fund usually pays dividends to investors.

Dividends from the Fund may be comprised of ordinary dividend income, capital gains or returns of capital and are not intended to reflect the Fund's investment performance and should not be confused with "yield" or "income". **A portion of the dividend may include a return of capital. If the cash dividends to you are greater than the net increase in value of your investment, the dividends will decrease the capital of your investment.**

We reserve the right to adjust the amount of the dividends made during the year if we consider it appropriate, without notice. Dividends are not guaranteed and may change at any time at our discretion.

Dividends on shares held in a Registered Plan are automatically reinvested (without charge) in additional securities of the same series of the Fund.

Dividends on shares held outside a Registered Plan are either: (1) automatically reinvested in additional securities of the same series of the Fund; or (2) received in cash. Unless we receive written notice that you want to receive dividends in cash, the default is to have dividends automatically reinvested in securities of the Fund.

The dividends by way of reinvested securities are subject to the same fees and expenses as purchased securities; whereas if you receive cash dividends the cash received would not be subject to such fees and expenses. For more information about fees and expenses related to holding securities, including securities received on the automatic reinvestment of dividends, see "*Fees and Expenses*" on page 15. To receive dividends in cash you (or broker, dealer or advisor) must provide us a written request that you wish to receive dividends in cash. Please see the back cover for our contact information.

Dividends during the year will generally not be made to holders of securities of the Non-Fixed Rate Distribution Series.

Each December the Fund will declare an annual dividend to shareholders (including holders of the Non-Fixed Rate Distribution Series) on the dividend date of its taxable income, if any, for the taxation year to ensure that it is not subject to income tax under Part I of the Tax Act. **In each case dividends on the Mutual Fund Series securities will be reinvested by purchasing additional securities of the Fund, without charge, unless a written request is submitted to Arrow, requesting dividends be paid in cash instead.**

We may change the dividend policy at our discretion.

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

For more information about dividends, see "*Income Tax Considerations for Investors*".

Fund expenses indirectly borne by investors

This section is an example of the expenses the Fund pays on its series of securities. The example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. While you do not pay these costs directly, they have the effect of reducing the Fund's returns. The management expense ratio ("**MER**") reflects the total fees and expenses (including applicable sales taxes) paid by the Fund. It is calculated by adding the management fee to the operating expenses, with the exception of brokerage commissions and other trading costs, and is expressed as a percentage of the Fund's net assets. It assumes that the MER of the Fund was the same throughout each period shown as it was during the last completed financial year. Investors in certain series of securities are charged fees directly by their financial advisor or us that are not included in this section.

Any amount paid by the Fund as fees and expenses will reduce the return to investors in the Fund. The Fund's security price and rate of return as published on a daily basis, have already accounted for these fees and expenses.

ARROW GLOBAL OPPORTUNITIES ALTERNATIVE CLASS

FUND DETAILS

Type of Fund:	Alternative Fund
Inception Date:	Series A – June 30, 2020 Series F – June 30, 2020 Series I – June 30, 2020
Securities Offered:	Shares of a mutual fund corporation – Series A, F and I Shares
Eligibility for Registered Plans:	Yes
Portfolio Advisor:	Arrow Capital Management Inc.

WHAT DOES THE FUND INVEST IN?

Investment Objective

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

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

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

Investment Strategies

The Fund will invest predominantly in global companies of all market capitalizations. The Fund may also invest in bonds, other debt instruments, commodities and currencies if warranted by financial conditions. The Fund will not specialize in any one industry other than to concentrate investments in those industries that offer the best opportunities for exceptional returns at each stage of the economic and market cycle. The Fund may also invest in options, including put options or call options either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility.

The Fund will engage in short selling of securities which the portfolio advisor believes are overvalued, especially securities of issuers with deteriorating fundamentals and weak balance sheets. Short positions of index securities such as exchange traded funds may also be employed for capital preservation and hedging purposes.

The Fund may hold cash or invest in short term securities for the purpose of preserving capital and/or maintaining liquidity, based upon the portfolio advisor's ongoing evaluation of current and anticipated economic and market conditions.

The Fund may invest in derivatives for hedging and non-hedging purposes as permitted by applicable securities laws. The Fund may enter into securities lending, repurchase and reverse repurchase transactions to generate additional income or as a short-term cash management tool.

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

The Portfolio Advisor will employ short-term trading in an attempt to achieve a higher economic return. Generally, the Fund's portfolio will be comprised of securities of large capitalization. The Portfolio Advisor will also trade, from time to time, the securities of small capitalization issuers. The Portfolio Advisor may also enter into equity swaps instead of directly investing in a foreign security where it believes it is in the best interests of the Fund.

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

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

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

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

Stocks are shorted for a variety of reasons including (i) temporary overvaluation due to short-term market euphoria for a sector; (ii) faulty business model; (iii) poor earnings; (iv) questionable accounting practices; (v) deteriorating fundamentals; and (vi) weak management unable to adapt to changes in regulation or the competitive environment. Technical analysis will also be used to help in the decision making process. The Portfolio Advisor believes that by opportunistically trading the securities of companies that are experiencing any one or more of these elements, it should be able to identify profitable short sale candidates in most stock market environments.

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

- as described under the heading "*Additional Information – Exemptions and Approvals*", in accordance with the Market-Neutral Strategy Relief, the aggregate market value of all securities sold short by the Fund will not exceed 100% of the total net assets of the Fund;
- the aggregate market value of all securities of any particular issuer sold short by the Fund will not exceed 10% of the total net assets of the Fund;
- the Fund will not deposit collateral with a dealer in Canada unless the dealer is registered in a jurisdiction of Canada and is a member of IIROC; and
- the Fund will not deposit collateral with a dealer outside Canada unless that dealer (a) is a member of a stock exchange that requires the dealer to be subjected to a regulatory audit; and (b) has a net worth in excess of $50 million.

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

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

The Fund is permitted to borrow cash up to a maximum of 50% of its net asset value. As described under the heading "*Additional Information – Exemptions and Approvals*" the combined use of short-selling and cash borrowing by the Fund is subject to an overall limit of 100% of its net asset value.

The Fund may invest up to 20% of its net asset value in securities of a single issuer including exposure to that single issuer through specified derivative transactions or index participation units. This restriction does not apply to investments in debt securities issued or guaranteed by the Canadian or U.S. government; securities issued by a clearing corporation; securities issued by an investment fund if the purchase is made in accordance with the requirements of section 2.5 of NI 81-102; index participation units issued by an investment fund; or an equity security if the purchase is made by a fixed portfolio investment fund in accordance with its investment objectives.

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

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

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

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

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

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

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

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

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

	Primary Risk	Secondary Risk	Low or Not a Risk
Borrowing	✓		
Change in Legislation		✓	
Collateral		✓	
Commodity	✓		
Concentration		✓	
Counterparty Default		✓	
Credit	✓		
Currency	✓		
Cyber Security		✓	
Derivatives	✓		
Equity	✓		
ETF		✓	
Failure of Futures Commission Merchant		✓	
Foreign Investment	✓		
Forward and OTC Option Contract		✓	
Interest Rate	✓		
Large Redemption		✓	
Leverage	✓		
Liquidity		✓	
Margin		✓	
Market	✓		
Operational		✓	
Securities Lending		✓	
Series		✓	
Share Class		✓	
Short Selling	✓		

Small Company		✓	
Tax		✓	
Underlying Fund	✓		

Arrow has rated this Fund's risk as medium. Please see "*What are the Risks of Investing in the Fund? – Fund Risk Classification Methodology*" for a description of how we determined the classification of this Fund's risk level.

WHO SHOULD INVEST IN THE FUND?

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

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

DIVIDEND POLICY

If required, the Fund will pay a dividend each December to holders of shares of the Non-Fixed Rate Distribution Series.

For more information about dividends, see "*Specific Information About the Alternative Mutual Fund Described in this Document – Dividend Policy*" on page 28.

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

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

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

This example assumes that (i) you invest $1,000 for the time periods indicated and then sell all of your shares at the end of those periods; (ii) your investment has an annual 5% return; and (iii) the management fees and operating expenses would be the same throughout the ten-year period. The information is based on the management expense ratio of the Fund for its last completed financial year when its shares were offered privately. The management expense ratio may increase as a result of the Fund offering its shares under the simplified prospectus.

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

Expenses Payable Over	**1 year ($)**	**3 years ($)**	**5 years ($)**	**10 years ($)**
Series A	27	87	152	347
Series F	16	51	90	205
Series I	5	16	28	64

See "*Fees and Expenses Payable by the Funds*" on page 15 for more information about the costs of investing in the Fund.

ARROW ALTERNATIVE MUTUAL FUND

Arrow Global Opportunities Alternative Class

Additional information about the Fund is available in the Fund's annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can obtain a copy of these documents, at your request, and at no cost, by calling toll free 1 (877) 327-6048, (416) 323-0477 or from your financial advisor or by email at info@arrow-capital.com.

These documents and other information about the Fund, such as information circulars and material contracts, are also available on the Fund's website www.arrow-capital.com or on SEDAR (the System for Electronic Document Analysis and Retrieval established by the Canadian Securities Administrators) at www.sedar.com.

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