

This offering memorandum (“Offering Memorandum”) constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or public offering of such securities or advertisement relating to the securities offered hereunder. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder nor has it reviewed this Offering Memorandum and any representation to the contrary is an offence. There is no market for the Units. Subject to the availability of exemptions from the prospectus and registration requirements under applicable securities laws, holders of securities offered hereunder will be restricted from selling their securities for an indefinite period. Holders of Units will have certain redemption rights (see “Redemption of Units”). This Offering Memorandum is confidential and is provided to specific prospective investors for the purpose of assisting them and their professional advisers in evaluating the securities offered hereby and is not to be construed as a prospectus or advertisement or a public offering of these securities.



**ARROW PERFORMANCE FUND
EAST COAST INVESTMENT GRADE II FUND**

Offering Memorandum

March 1, 2022

TABLE OF CONTENTS

GLOSSARY OF TERMS.....	1
DISCLAIMERS	3
FORWARD-LOOKING STATEMENTS	3
THE FUNDS	3
WHAT IS AN ALTERNATIVE MUTUAL FUND?	4
RISK FACTORS	4
MANAGEMENT OF THE FUNDS	12
DIRECTORS AND OFFICERS OF THE MANAGER.....	13
FEES AND EXPENSES	14
UNITS OF THE FUNDS.....	15
INVESTING IN THE FUNDS.....	15
DEALER COMPENSATION.....	18
DISTRIBUTION POLICY	19
PORTFOLIO VALUATION AND NET ASSET VALUE.....	19
REDEMPTION OF UNITS	21
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	22
TYPES OF INCOME FROM THE FUNDS.....	22
FUNDS HELD IN REGISTERED PLANS	23
FUNDS HELD IN NON-REGISTERED ACCOUNTS	23
DISTRIBUTIONS	24
CALCULATING YOUR CAPITAL GAIN OR LOSS	24
REPORTING TO UNITHOLDERS.....	26
AMENDMENT OF THE TRUST INDENTURES AND TERMINATION OF THE FUNDS.....	26
MATERIAL CONTRACTS	26
PROMOTER.....	26
VALUATION AGENT.....	26
RECORDKEEPING SERVICE PROVIDER.....	26
PRIME BROKERS AND CUSTODIANS.....	27
AUDITORS	27
CONSOLIDATED OFFERING MEMORANDUM.....	27
PURCHASERS RIGHTS OF ACTION	27
MONEY LAUNDERING AND TERRORIST FINANCING.....	27
SCHEDULE “A” PURCHASERS’ RIGHTS OF ACTION FOR DAMAGES OR RESCISSION.....	28
FUND SPECIFIC INFORMATION.....	40

GLOSSARY OF TERMS

The following terms used in this Offering Memorandum have the meanings set out below:

“**Accredited Investors**” has the meaning given to it under NI 45-106 and, in Ontario, as such term is defined in Section 73.3 of the Securities Act (*Ontario*), each as amended from time to time;

“**Advisory Agreement**” means the advisory agreement between the Manager and East Coast Investment Grade II Fund’s Investment Advisor, whereby the Manager has retained a third party investment advisor to provide investment advice in respect of the portfolio of East Coast Investment Grade II Fund;

“**Class**” means the Class A, F, U, G, or O Units of a Fund, as applicable;

“**CRA**” means the Canada Revenue Agency;

“**CRS**” means Common Reporting Standard;

“**East Coast**” means East Coast Asset Management SEZC;

“**FATCA**” means the Foreign Account Tax Compliance Act;

“**Funds**” means the Performance Fund and the East Coast Investment Grade II Fund, “**Fund**” means any one of the Funds;

“**Investment Advisor**” means East Coast;

“**Management Agreements**” means the agreements between each of the Funds and the Manager, as amended from time to time;

“**Manager**” means Arrow Capital Management Inc.;

“**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators;

“**NI 81-102**” means National Instrument 81-102 – *Investment Funds* of the Canadian Securities Administrators;

“**Net Asset Value**” means the Net Asset Value of a Fund calculated in accordance with the Fund’s Trust Indenture, and

“**Class Net Asset Value per Unit**” means a price or Net Asset Value per Unit for a particular Class of that Fund calculated in accordance with the Fund’s Trust Indenture;

“**Offering Jurisdictions**” means all the Provinces and Territories of Canada;

“**Offering Memorandum**” means this offering memorandum of the Funds, as amended from time to time;

“**Performance Fees**” means an annual performance fee payable by each of the Funds. See “*Fees and Expenses - Performance Fees*”;

“**Performance Fund**” means Arrow Performance Fund;

“**Registered Dealers**” means dealers or brokers registered under applicable securities laws in the Offering Jurisdictions to sell securities of mutual funds and that are not restricted from selling the Units, and in the Provinces of Ontario and Newfoundland and Labrador includes limited market dealers;

“**Registered Plan**” means a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, deferred profit-sharing plan or tax-free savings account under the Tax Act;

“**Sales Charge Option**” means an option for purchasing Sales Charge Units of a Fund, as applicable, whereby a sales charge is deducted from the subscription and paid to the subscriber’s Registered Dealer and the remaining amount is used to purchase Units, as applicable. See “*Investing in the Funds – Purchases Under Sales Charge Option*”;

“**Sales Charge Units**” means Units purchased under the Sales Charge Option;

“**Servicer**” means another person, company or entity appointed by the Funds or the Manager, as applicable, to provide certain distribution and/or non-regulated services to the Funds;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“**Trust Indentures**” means the trust indentures establishing each of the Funds, in each case as amended from time to time;

Trustee” means Arrow Capital Management Inc. or any successor trustee appointed pursuant to the Trust Indentures from time to time;

Units” mean the units of each Class of the Funds; and

Valuation Date” means the last trading day of each week and of each calendar month on which the Toronto Stock Exchange is open for business or such other business day or days as the Manager may determine.

Unless otherwise noted, all references to dollar amounts in this Offering Memorandum are to Canadian dollars.

DISCLAIMERS

These securities are not a guaranteed investment. A subscription for Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Funds.

There is no market through which the Units may be sold and none is expected to develop. The Units are also subject to resale restrictions under the Trust Indentures and applicable securities legislation. Redemptions may be limited or suspended by the Manager in certain circumstances. There are certain additional risk factors associated with investing in the Units. Investors should consult their own professional advisers to assess the income tax, legal and other aspects of the investment. See “Risk Factors” and “Redemption of Units”.

No person is authorized to give away any information or to make any representation not contained in this Offering Memorandum and any information or representation, other than that contained in this Offering Memorandum, must not be relied upon. This Offering Memorandum is a confidential document furnished solely for the use of prospective purchasers who, by acceptance hereof, agree that they shall not transmit, reproduce or make available this document or any information contained in it.

Persons who receive this Offering Memorandum must inform themselves of, and observe, all applicable restrictions with respect to the acquisition and disposition of Units under applicable securities legislation. Subscribers are urged to consult with an independent legal adviser prior to signing the Subscription Agreement for the Units and to carefully review the applicable Trust Indenture, which is available upon request.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “will”, “proposes”, “expects”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Funds’ actual results, performance or developments to be materially different from any future results, performance or developments expressed or implied by the forward-looking statements.

While the Funds, the Trustee and Manager anticipate that subsequent events and developments may cause its views to change, the Funds, the Trustee and Manager specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Funds’, Trustee’s or the Manager’s views as of any date subsequent to the date of this Offering Memorandum. Although the Fund, the Trustee and Manager have attempted to identify important factors that could cause actual results, performance or developments to differ materially from those described in forward-looking statements, there may be other factors that cause results, performance or developments not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance or developments could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Funds. Additional factors are noted under “Risk Factors” below.

THE FUNDS

Each of the Funds is an unincorporated open-end mutual fund created under the laws of the Province of Ontario pursuant to a Trust Indenture, as amended from time to time. Arrow Capital Management Inc. is the promoter, Manager and Trustee of the Funds. The address of the Funds’ head office, as well as of the Manager, is 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5.

An investment in each of the Funds is represented by Units, each of which represents an interest in the net assets of the Fund. See “*Units of the Funds*”. There is no minimum or maximum number of Units offered hereunder, and therefore any funds invested are available to the Funds and need not be refunded to the subscriber. For a description of each of the Funds, see “*Fund Specific Information*”.

WHAT IS AN ALTERNATIVE 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 Funds 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.

Alternative mutual funds are pooled investment portfolios that are distinguishable from conventional investment funds in a number of ways. As private portfolios, the Funds usually have a great degree of latitude in terms of investment mandate and may make use of leverage from time to time. Unlike most conventional funds, which are limited to long positions in securities, the Funds can also engage in the short sale of investments or use other techniques in order to reduce market exposure and enhance the rate of return. The Funds were established to pursue a particular trading strategy or series of strategies. Historically they have been termed "hedge funds" because certain of the managers have constructed their portfolios with long and short positions to be largely insensitive to broad market fluctuation. The initial focus of the industry was to hedge away market risk in a common stock portfolio. As the industry has grown, the range of securities contemplated for hedge funds has greatly expanded. Today, there is great diversity in the range of hedge fund strategies that are available to investors.

Mutual Funds are not Guaranteed

Arrow does not guarantee that the full amount of your original investment in the Funds 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.

RISK FACTORS

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 Units 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.

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.

Borrowing Risk: Borrowing of cash or securities within the Funds could magnify the impact of any movements in the prices of the underlying investments of the Funds 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.

Broad Authority of the Manager Risk: The Trust Indentures and Management Agreements give the Manager broad

discretion over the conduct of each Fund's business, over the specific companies in which a Fund invests and over the types of securities transactions in which a Fund engages. The constating documents and material contracts of other underlying funds may give similar broad discretion to the managers of such underlying funds.

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 Funds or unitholders.

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

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

- will be required to post initial margin/collateral to the derivative counterparty or clearing corporation in the form of cash. A 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. A 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 a Fund, the Fund will be an unsecured creditor and will rank behind preferred creditors.

Commodity Risk: The market value of a Fund's investments may be affected by adverse movements in commodity prices. When commodity prices decline, this generally has a negative impact on earnings of companies whose business is based in commodities, such as oil and gas.

Concentration Risk: A 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 a 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 a 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.

Conflicts of Interest Risk: Certain inherent conflicts of interest are likely to arise as a result of the Manager, the Investment Advisor and affiliated persons carrying on similar investment activities both for themselves and for clients other than the Funds. The Manager and such other persons are or may be engaged in other business activities. The Manager and such persons will not be required to refrain from any other activity or to disgorge any profits from any such activity, and will not be required to devote all of their time and efforts to the Funds and their affairs. Similar conflicts of interest may arise in the case of any other underlying fund.

The Funds, any other underlying funds, other investment funds in which the Manager, the Investment Advisor and their affiliates may participate as an investor or serve as a manager and other investment management and consulting clients that the Manager and such other persons or their affiliates may have from time to time may share administrative offices and utilize common services, facilities, investment research and management. The Manager and such other persons may also determine from time to time that some investment opportunities are appropriate for certain investment management clients and not others, including the Funds or any other underlying funds, due to differing objectives, time horizons, liquidity needs or availability, tax consequences and assessments of general market conditions and of individual securities. It may also occasionally be necessary to allocate limited investment opportunities among the Funds and others on a basis deemed appropriate by the Manager or the Investment Advisor, which may mean that the Manager, the Investment Advisor or other accounts managed by any of them achieve profits that the Funds do not or avoid losses that the Funds suffer.

The Manager and the Investment Advisor have complete discretion regarding the selection of those registered securities broker-dealers and other financial intermediaries with and through which each Fund and any other underlying fund executes and clears its portfolio transactions, the commissions and fees payable to a broker and the prices at which a Fund buys and sells its investments. It is expected that the Manager and the Investment Advisor will allocate portfolio

transaction business generally on the basis of best available execution and net results for a Fund, subject to compliance with applicable law, but they may also allocate a Fund's portfolio transactions based in part on the provision of or payment for other products or services (including but not limited to investment research) to a Fund, the Manager, the Investment Advisor or affiliated persons. Such products or services may not be used for the direct or exclusive benefit of a Fund and may reduce the overhead and administrative expenses otherwise payable by the Manager under the terms of the Management Agreements. These "soft dollar" or "directed brokerage" arrangements could also give the Manager and the Investment Advisor an incentive to "churn" a Fund's account by trading more actively in order to produce more credits with the securities firms providing the soft dollar or directed brokerage benefits.

Counterparty Risk: Each Fund bears the risk of loss of the amount expected to be received under options, swaps, forward contracts or securities lending agreements in the event of the default or bankruptcy of a counterparty to such contracts or agreements.

Credit Risk: Credit risk is the risk that the government or company issuing a fixed income security will be unable to make interest payments or pay back the original investment. Securities that have a low credit rating have high credit risk. Lower-rated debt securities issued by companies or governments in emerging markets often have higher credit risk. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk. Funds that invest in companies or markets with high credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

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 Funds since they 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 Funds have 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 a Fund to lose proprietary information, suffer data corruption, or lose operational capacity, which could cause us and/or the Funds to experience disruptions to business operations; reputational damage; difficulties with a 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 a 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 a Fund's third-party services provider (e.g., administrators, transfer agents, custodians and sub-advisors) or issuers that a Fund invests in can also subject a 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 a 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 a 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 a Fund to close out its positions in derivatives. These events could prevent a Fund from making a profit or limiting their 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.
- Each Fund may use derivatives so they may be subject to credit risk associated with the ability of counterparties to meet their obligations. In addition, a 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 each 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 a 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 a 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.

Factor Risk Premia Securities Risk: The Funds may employ factor risk premia investing. A risk premium reflects exposure to sources of systemic risk. Factor risk premia seeks to harvest risk premia through exposures to factors. This style of investing will emphasize investments in securities that have exhibited higher exposure to certain characteristics. Examples include exposure to securities representing broad markets or individual stocks which have exhibited higher recent price performance (momentum), higher yield (carry) or higher intrinsic value (value). This exposure may be relative to itself or as compared to other securities. This style of investing is subject to the risk that these securities may be more volatile than a broad cross section of securities or that the returns on securities that have previously exhibited exposure to these characteristics are less than returns on other styles of investing or the overall stock market. Securities which have exposure to these types of characteristics can be volatile and cause significant variation from other types of investments. A Fund may experience significant losses if the behaviour of these factor risk premia or characteristics stop, turn or otherwise behave differently than predicted. In addition, there may be periods when the exposure to these characteristics is out of favour and the investment performance of a Fund may suffer.

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 a 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 a 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, a 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 Exchange Hedge Risk: Since it is expected that some of the assets of the Funds will not be denominated in the same currency as a unitholder has invested, the Funds may on an on-going basis, use best efforts to hedge the currency exposure to the fluctuation of the currency of the investments compared to the unitholder's currency by using over-the-counter foreign exchange forward contracts and foreign exchange spot transactions. The performance of the Funds and the performance of a particular Class of the Funds may be impacted by the cost of foreign exchange hedges, and will not benefit from the appreciation of those currencies compared to the unitholder's currency as a result of the foreign exchange hedges. There are currency risks and some funds may use best efforts to hedge currency, if successful there's no exposure to currency.

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 Funds 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.

Futures Trading Risk: Futures prices are highly volatile, with price movements being influenced by a multitude of factors such as changing supply and demand relationships, government trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events and speculative frenzy and the emotions of the marketplace. In addition, governments from time to time intervene in certain markets, particularly currency and interest-rate markets.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. Accordingly, a relatively small price movement in a futures contract may result in an immediate and substantial loss to the investor.

Most U.S. commodity exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as “daily limits.” During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can be neither taken nor liquidated.

The Commodity Futures Trading Commission and the U.S. commodities exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contracts traded on U.S. commodity exchanges. All accounts owned or managed by an individual investor will be combined for speculative position limit purposes. The Fund could be required to liquidate positions it holds in order to comply with such limits.

Hedging Risk: Various hedging techniques may be used in an attempt to reduce certain risks, including but not limited to currency risks associated with investments denominated in foreign currencies. For example, hedging in options may reduce the risks of both short-selling and taking long positions in certain transactions. Recalculations and adjustments to specific position hedges will be performed as market conditions warrant. However, such position hedges entail risks of their own. For example, unanticipated changes in currency exchange rates may result in an overall poorer performance than if currency risks had not been hedged. If market conditions are analyzed incorrectly or a risk reduction strategy is employed that does not correlate well with a Fund’s investments, the Fund’s risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return.

Illiquid Assets Risk: An illiquid asset is a security or other position that cannot be disposed of quickly in the normal course of business. Illiquid assets generally include securities of a private company, and securities listed under an initial public offering or other securities the resale of which is restricted under applicable securities legislation. While investments in illiquid assets can often present above average growth opportunities, they can be difficult or impossible to value and/or sell at the time and price preferred by the Fund. Accordingly, there is a risk that the Fund may be unable to dispose of its illiquid assets, it may have to sell such securities at a lower price, or sell other securities instead to obtain cash and would therefore have to forego other investment opportunities. Although it is expected that the portfolio of each Fund will be highly liquid, securities that were liquid at the time of purchase may become less so over time as a result of numerous factors.

Interest Rate Fluctuations Risk: In the case of interest rate sensitive securities, the value of a security may change as the general level of interest fluctuates. When interest rates decline, the value of such securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline.

Investment Advisor Risk: There can be no assurance that all of the current personnel of the Investment Advisor will

continue to be associated with the Investment Advisor for any length of time. Given that the Investment Advisor is resident outside Canada and all or substantially all of their assets are located outside of Canada, unitholders, the Manager and the Funds may have difficulty in enforcing any legal rights they may have against the Investment Advisor.

Large Redemption Risk: Each 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 a Fund for their own mutual funds, segregated funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of a Fund. If one of those investors redeems a large amount of their investment in a 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 a 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 a 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 a Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair a Fund's liquidity and may cause a Fund to liquidate positions at unfavorable times.

Liquidity Risk: Liquidity risk is the possibility that a Fund or any other underlying 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 a 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, a Fund may not be able to execute trades at favorable prices if little trading in the contracts involved is taking place. Under certain circumstances, a 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 Trading Risk; Short Sales Risk: Each Fund may engage in short sales, hedging, option trading, leverage and other strategies from time to time. A short sale will result in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale will result in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that may be required to be paid with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to limit or reduce the potential for profit.

Trading on margin and other leveraging strategies can increase the profit potential of a securities portfolio, but can also increase the risk of loss. Any such strategies that a Fund employs, should be expected to increase transaction costs, interest expense and other costs and expenses. In addition, margin trading requires the pledge of securities as collateral, and margin calls can result in a Fund being required to pledge additional collateral or to liquidate securities holdings, which can result in the necessity for selling portfolio securities at substantial losses that would not otherwise be realized. No assurance can be given that short sales, hedging, leverage and other techniques and strategies will not result in material losses for a Fund.

Market Risk: The value of those securities in which the Funds invest and that are traded on exchanges or over-the-counter markets and the risks associated therewith vary in response to events that affect such markets and that are

beyond the control of the Funds. There is no guarantee that securities exchanges and markets can at all times provide continuously liquid markets in which a Fund can close out its positions in those securities that are publicly traded, in particular because a Fund may invest in securities that are thinly traded or traded infrequently. Each Fund could experience delays and may be unable to sell securities purchased through a broker or clearing member that has become insolvent. In that event, positions could also be closed out fully or partially without a Fund's consent.

Model and Data Risk: Given the complexity of the investments and strategies of a Fund, the Manager may rely heavily on quantitative models and information and data supplied by third parties (“**Models and Data**”). Models and Data are used to construct sets of transactions and investments, to provide risk management insights, and to assist in hedging a Fund's investments. When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose a Fund to potential risks. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful. Some of the models used by the Manager for the Funds are predictive in nature. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. The Funds bears the risk that the quantitative models used by the Manager will not be successful in selecting investments or in determining the weighting of investment positions that will enable a Fund to achieve its investment objective. All models rely on correct data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, “model prices” will often differ substantially from market prices, especially for instruments with complex characteristics, such as derivative instruments.

Newly Established and Smaller Capitalization Companies Risk: A Fund's assets may be invested at any time in the equity securities of smaller and less well established companies. The earnings and stock prices of such smaller companies tend to be more volatile and the markets for their stocks tend to be less liquid, with resulting higher risk of loss, when compared to investments in larger and more established companies.

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

Portfolio Turnover Risk: The operation of a Fund may result in a high annual portfolio turnover rate. The Funds have not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Manager or Investment Advisor, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate (e.g., greater transaction costs such as brokerage fees) and may result in different tax consequences.

Securities Lending Risk – Each of the Funds may engage in securities lending transactions. In a securities lending transaction, a 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 Funds. In engaging in securities lending, a 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.

Tax Risk: Please see the section “*Income Tax Considerations for Investors*” for information on tax risk.

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

Use of a Prime Broker to hold Assets Risk: Special risks exist where the assets of a Fund are held by a prime broker rather than through a conventional custodial arrangement with a bank or trust company. Due to the use of leverage and

the presence of short positions, some or all of the assets of a Fund may be held in one or more margin accounts which may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. In the event that the prime broker experiences severe financial difficulty, the assets of a Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is liquidated, resulting in a potential loss to the Fund's investment due to adverse market movements while the positions cannot be traded. Furthermore, if the prime broker's pool of customer assets is determined to be insufficient to meet all claims, the Fund could suffer a loss of some or all of the assets held by the prime broker.

Investment risk classification methodology

The methodology used to determine each Fund's investment risk level for purposes of disclosure in this Offering Memorandum 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 a Fund's historical performance may not be indicative of future returns and that a 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 a Fund to a higher risk level, if appropriate.

Based on the Methodology, each Fund's risk level as described in this document is determined by calculating its standard deviation. If a Fund does not have a reasonable amount of performance history, a reference index that is expected to reasonably approximate the Fund's standard deviation is used as a proxy. Each 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.

Fund	Risk Rating
Performance Fund	Medium
East Coast Investment Grade II Fund	Low to Medium

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

The method that we use to identify the investment risk level of each Fund is available on request, at no cost, by calling the Manager at 1-877-327-6048 or by sending an email to info@arrow-capital.com.

MANAGEMENT OF THE FUNDS

The Manager

The Funds are managed by the Manager pursuant to management agreements (the “**Management Agreements**”), as amended from time to time. The Manager is responsible for the day-to-day business of the Funds, including management of each Fund’s investment portfolio. The Manager was incorporated under the laws of Ontario on December 2, 1999 and is registered with the Ontario Securities Commission as a portfolio manager, commodity trading manager, exempt market dealer and investment fund manager. The principal office of the Manager is 36 Toronto Street, Suite 750, Toronto, Ontario M5C 2C5. On December 2, 2013, the Manager acquired all of the outstanding shares of BluMont Capital Corporation (“**BluMont**”). On April 1, 2014, the Manager and BluMont were amalgamated continuing under the name Arrow Capital Management Inc. Effective with this amalgamation Arrow became the manager of the Arrow Performance Fund (formerly, Hirsch Performance Fund).

Each Management Agreement may be terminated by the Trustee immediately in writing without prior notice to the Manager in the case of criminal conviction or events of insolvency or bankruptcy of the Manager. The Manager may resign or terminate the Management Agreements on 90 days’ written notice. In the event that the Manager resigns, the Trustee shall call a meeting of unitholders of the applicable Fund to appoint a new Manager and the Trustee may nominate a person to assume the duties of the Manager. If no new manager is appointed, the applicable Fund shall be terminated. The Management Agreements, unless terminated as described above, will continue in effect until the termination of the Funds.

The services of the Manager under the Management Agreements are not exclusive to the Funds, and nothing in the Management Agreements will prevent the Manager, or any affiliate thereof, from providing similar services to other investment funds and other clients (whether their investment objectives and policies are similar to those of the Funds) or from engaging in other activities. See “*Risk Factors — Broad Authority of the Manager and Conflicts of Interest*”.

The Trustee

Arrow Capital Management Inc. acts as the Trustee of the Funds pursuant to the provisions of the Trust Indentures.

Pursuant to the Trust Indentures, the Manager may remove the Trustee and appoint a successor Trustee from time to time. The Trustee may transfer, sell or assign the performance of any of the trusts and powers vested in it under the Trust Indentures. The Trustee or any successor appointed pursuant to the terms of the Trust Indentures may resign upon 90 days’ written notice to unitholders during which period the Manager shall use its best efforts to arrange for a successor Trustee. If the Manager is unable to arrange for a successor Trustee, the unitholders of the applicable Fund may appoint a successor to the Trustee at a meeting called to obtain their consent. If no successor Trustee is appointed the applicable Fund shall be terminated.

Each Trust Indenture provides that the Trustee has a right of indemnification in carrying out its duties under the Trust Indenture except in cases of negligence, wilful default, dishonesty or lack of good faith or in cases where the Trustee fails to act honestly and in good faith with a view to the best interests of the Fund and the unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the Trust Indentures contain provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

DIRECTORS AND OFFICERS OF THE MANAGER

The names and municipalities of residence of the directors and senior officers of the Manager and the positions and offices held with the Manager are as follows:

Name and Municipality of Residence	Position with the Manager
JAMES L. MCGOVERN..... Toronto, Ontario	Director, Managing Director and Chief Executive Officer
MARK R. PURDY, CFA..... Ajax, Ontario	Director, Managing Director and Chief Investment Officer
FREDERICK F. DALLEY Toronto, Ontario	Director, Managing Director
ROBERT W. MAXWELL, CPA, CMA, CAIA Toronto, Ontario	Director, Managing Director, Chief Financial Officer and Chief Compliance Officer

James L. McGovern, *Director, Managing Director and Chief Executive Officer*, Mr. McGovern founded Arrow Capital Management Inc. in 1999 after working for over thirteen years at BPI Financial Corporation (Canada) (“BPI”), the company of which he co-founded, and where he ultimately held the positions of President and Chief Executive Officer. BPI, a publicly traded company, managed or administered over \$6 billion dollars on behalf of Canadian and U.S. investors. Mr. McGovern was the founding Chairman (currently, Past Chairman) of the Canada National Group of the Alternative Investment Management Association. He is actively involved in the international hedge fund community and has spoken at conferences in Canada and globally. Mr. McGovern graduated from the University of Toronto with a Bachelor of Commerce and Finance degree in 1985.

Mark R. Purdy, *CFA, Director, Managing Director and Chief Investment Officer*, joined the Manager in June 2000. Mr. Purdy serves as Chair of the Investment Committee at Arrow Capital Management Inc. and has over 20 years of experience in the investment industry. Mr. Purdy shares responsibility for the hedge fund manager selection and asset allocation process and has served on the Investment Committee at Arrow Capital Management since inception. Mr. Purdy held senior roles at BPI Financial Corporation and IBM Canada Ltd. Mr. Purdy graduated from the University of Toronto with a Bachelor of Commerce and Economics degree. He holds the CFA designation. Mr. Purdy is also actively involved in the Varsity Blues soccer alumni fundraising projects at the University of Toronto and is on the Board of the Ireland Park Foundation

Frederick F. Dalley, *Director, Managing Director*, joined the Manager in December 1999. Mr. Dalley has served on the Investment Committee since inception. Previously, Mr. Dalley was Executive Vice-President, Portfolio Management at BPI Financial Corporation (Canada). There, Mr. Dalley led a team of eight investment professionals who directly managed over \$3.5 billion dollars on behalf of Canadian investors. Mr. Dalley began his investment career at Walwyn Stodgell Cochrane & Murray after graduating from the University of Western Ontario with a Bachelor’s Degree in Economics. From there, Mr. Dalley worked at Burns Fry for five years before joining BPI as a Director in 1988.

Robert W. Maxwell, *CPA, CMA, CAIA, Director, Managing Director and Chief Financial Officer*, joined the Manager in February 2000. Mr. Maxwell is Managing Director and Chief Financial Officer. Mr. Maxwell oversees all financial accounting and administrative functions with respect to all Arrow Capital offerings. Prior to joining Arrow Capital Management Inc. in early 2000, Mr. Maxwell held financial management roles at BPI Financial Corporation, rising to become Corporate Controller in 1999. Mr. Maxwell graduated from Queens University with a Bachelor of Commerce degree in 1993. Mr. Maxwell completed his MBA from the University of Toronto in 2000, is a Chartered Professional Accountant, CMA and a Chartered Alternative Investment Analyst.

FEES AND EXPENSES

Management Fees

For providing its services pursuant to the Management Agreements, the Manager receives management fees from the Funds. Each Class of Units is responsible for the management fee referable to that Class. The management fee paid by each Fund to the Manager is as follows:

	Class A, U Units	Class F, G, Units	Class O Units
Performance Fund	1.00%	1.00%	
East Coast Investment Grade II Fund	1.75%	1.00%	Negotiable with and paid directly by each Class “O” investor

Management fees are calculated and paid as of the last Valuation Date of each month.

From time to time to encourage very large holdings by investors in a Fund, the Manager may charge a reduced management fee from that it otherwise would be entitled to receive from the Fund. If the Manager so reduces the management fee, the Fund will distribute an amount equal to the reduction to the applicable unitholder. The reduction of management fees is negotiable between the Manager and a unitholder and is based on the size of the holdings of such unitholder, among other factors. Management fee distributions will be made monthly by a Fund to the relevant unitholder, first out of net income and capital gains (net of applicable losses) and thereafter out of capital. All management fee distributions of the Fund will be automatically reinvested in additional Units of the same class of the same Fund unless otherwise requested. See “Income and Capital Gains Distributions”.

Performance Fees

East Coast Investment Grade II Fund does not pay a performance fee.

Performance Fund pays to the Manager a “*Performance Fee*” based on an amount equal to 20% of the Fund’s net gain for each period (including net unrealized capital gains, if any), subject to reduction for prior period losses that have not previously been offset against net gains. The Performance Fee will be accrued weekly and paid on a semi-annual basis, except where Units are redeemed in which case the Performance Fee will be payable on a pro rata basis in respect of the redeemed Units on the redemption date. Notwithstanding the foregoing, no Performance Fee will be payable with respect to any period unless the Net Asset Value at the end of such period exceeds the Net Asset Value at the end of the preceding period by a minimum of 5% per annum.

To the extent that the Net Asset Value declines in any year the negative amount will be carried forward and deducted from the Net Asset Value used to calculate the Performance Fee in future years. (In other words, the Performance Fee will be based on a “high water mark”.) The Manager may make such adjustments to the Net Asset Value or the applicable “high water mark” as are determined by the Manager to be necessary to account for the payment of any distribution on Units, any Unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of the Performance Fee.

Administration Fees and Expenses

Each Fund is responsible, on a separate basis, for the payment of all fees and expenses relating to its establishment and operation, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising and promotional expenses which are paid for by the Manager), record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of the Units in the Offering Jurisdictions, costs of providing financial and other reports to unitholders and convening and conducting meetings of unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. The Manager may provide any of these services and is reimbursed all of its costs in providing these services to the Funds which may include but not limited to personnel costs, office space, insurance, and depreciation. Each Fund is generally required to pay applicable Canadian sales and use taxes on the management fee, the performance fee and most administration fees and expenses which it pays. Each class of Units is responsible for the operating expenses incurred by the Fund relating to the offering

of Units of that Class and the expenses specifically related to that class and a proportionate share of expenses that are common to all classes of units of the Fund. See “*Portfolio Valuation and Net Asset Value*”.

East Coast Investment Grade II Fund may determine, with the Manager’s approval, that the Investment Advisor shall be entitled to reimbursement from the Fund for costs, fees and expenses incurred by the Investment Advisor, or by the Investment Advisor on behalf of the Fund or Manager, in connection with the Fund. To the extent that these expenses are incurred for the benefit of a Fund and other entities affiliated with or advised by the Investment Advisor, the Investment Advisor shall make a good faith pro-rata allocation of such expenses among all such entities and the Fund and any such allocation shall be made in a manner consistent with the Investment Advisor’s fiduciary obligations. Expenses not incurred for the benefit of a Fund will be excluded from the pro-rata allocation of expenses to the Fund. All expenses in excess of the amounts payable by a Fund as described above and all office, office supplies, related equipment and secretarial services and salary expenses of the Investment Advisor and its affiliates’ employees will be borne by the Investment Advisor or an affiliate of the Investment Advisor.

The Manager may from time to time pay for certain operating expenses of the Funds to maintain the Funds’ management expense ratios at a competitive level. The management expense ratio of a Fund is the fees and operating expenses (including applicable Canadian sales and use taxes) paid by the Fund expressed as a percentage of its average net assets during the year.

UNITS OF THE FUNDS

An investment in a Fund is represented by Units. Unitholders of a Fund are not entitled to vote except for the purposes set out in the Fund’s Trust Indenture. In such circumstances, each whole Unit is entitled to one vote at meetings of unitholders of a Fund, except meetings at which the holders of another class of Units are entitled to vote separately as a class. In lieu of a meeting, unitholder approval may be given by the written consent of not less than the majority of the outstanding Units of a Fund. There is no limit on the number of Units that may be issued by a Fund. Units may only be issued as fully-paid and non-assessable upon receipt of the full consideration for which they are to be issued and are not subject to further call or assessment and no pre-emptive rights attach to them. The Manager may, at any time, direct the registrar and transfer agent to sub-divide or consolidate all Units outstanding. Fractions of Units may be issued. Fractional Units carry the rights and privileges and are subject to the restrictions and conditions, applicable to whole Units in the proportions which they bear to one Unit. No certificates representing units shall be issued by the Manager or the Trustee. The rights of unitholders of a Fund are contained in the Fund’s Trust Indenture and may be modified, amended or varied only in accordance with the provisions contained in the Trust Indenture. Units are transferable on the register only by a registered unitholder or his or her legal representative, subject to compliance with applicable securities laws. Unitholders are entitled to redeem their Units, subject to the Manager’s right to suspend the right of redemption. The Fund is authorized to redeem the Units held by a unitholder in limited circumstances. See “*Redemption of Units*”.

Each Fund is authorized to an unlimited number of Units and an unlimited number of Classes of Units.

The table below outlines the classes of Units, as at the date hereof, that have been authorized for issuance and the classes of Units that are offered for sale under this Offering Memorandum.

Fund	Units Offered for Issuance	Only for sale under this Offering Memorandum
Performance Fund	A, F, X	A, F
East Coast Investment Grade II Fund	A, F, I, G, U, O, X, A-S, U-S	A, F, G, U, O

INVESTING IN THE FUNDS

Units are being offered on a continuous basis in the Offering Jurisdictions at an offering price equal to the Class Net Asset Value per Unit at the time of purchase. See “*Portfolio Valuation and Net Asset Value*”. Units may be purchased from Registered Dealers.

Classes of Units

Refer to the table above for which classes of Units are available for sale for specific Funds under this Offering Memorandum.

Class A Units are offered for sale under the Sales Charge Option, and are available to investors investing in Canadian dollars. Class U Units are offered for sale under the Sales Charge Option and are available to investors investing in U.S. dollars.

Class F Units are offered for sale to investors investing in Canadian dollars. Class G Units are offered for sale to investors investing in U.S. dollars. Class F and G Units (“**Fee-based Units**”) are available only to investors who participate in certain programs or are members of certain groups including:

1. investors who participate in fee-based programs through their Registered Dealer. These investors pay their Registered Dealer an annual fee for ongoing financial planning advice. The Manager pays no commissions or service fees to their Registered Dealer; and
2. certain other groups of investors in the sole discretion of the Manager provided the Manager incurs no distribution costs.

The Manager charges a lower management fee on Fee-based Units because distribution and servicing costs are reduced. An investor may purchase Fee-based Units only with the approval of the investor’s Registered Dealer and the Manager. Each Registered Dealer’s participation in a Fee-based Units program is subject to the Manager’s terms and conditions.

If the Manager becomes aware that an investor no longer qualifies to hold Fee-based Units, the Manager may exchange the investor’s Fee-based Units for another Class of Units of the same Fund after giving the investor 30 day’s written notice. Any exchange of Units of one Class to Units of a different Class will trigger the payment of any redemption charges and accrued performance fees in respect of the Units being exchanged and will be treated for performance fee purposes as a new investment in Units of the new Class. See below for additional features of the Class G Units.

The Class U and G, Units (“**US Dollar Units**”) are available to all investors investing in U.S. dollars and are offered for sale only by the Funds. As the Funds are denominated in Canadian dollars, investors who purchase the US Dollar Units will be exposed to fluctuations in the Canadian/U.S. exchange rate. To offset this exposure, the Manager will use its best efforts to hedge the currency risk. If the Manager is successful, the returns of the US Dollar Units will be similar to the returns of similar non-US Dollar Units. Several factors may result in the returns not being equal, including, but not limited to, any expenses incurred by any of these Funds in hedging the currency and the timing of an investor’s investment relative to when the Manager is able to hedge the currency of the Fund. Therefore, there is no guarantee that the Manager will be successful in hedging this currency exposure.

The Class O Units are available to investors who have invested a minimum of \$5,000,000 in funds sponsored by the Manager and who have entered into a Class O Unit agreement with the Manager. The Class O Units are offered for sale by the East Coast Investment Grade II Fund under the Sales Charge Option.

The Manager may waive the minimum investment level for institutional accounts which are expected to exceed the minimum investment within a period of time acceptable to the Manager. The Class O Unit agreement with the Manager will specify the management fee and operating expense rates applicable to the investor’s account. The Manager will give an investor 30 days’ written notice of any applicable change in the minimum investment amounts or other conditions for Class O Units.

The Manager may discontinue the offering of any Class of Units at any time. This offering of Units of each Fund is not subject to any minimum subscription level and therefore any funds received from an investor are available to the applicable Fund and need not be refunded to the investor. Units may be redeemed at the holder’s request at the applicable Class Net Asset Value per Unit less any short term trading redemption charge as described under “Redemption of Units”.

Purchase of Units

Investors may purchase Units of the Funds offered pursuant to this Offering Memorandum through Registered Dealers in the Offering Jurisdictions. Registered Dealers may charge a sales commission as negotiated between the investor and the Registered Dealer. Registered Dealers will send orders to the Manager on the day such orders are placed by courier or telecommunications facilities without charge to the investor. Investors who wish to subscribe for Units of a Fund must complete, execute and deliver the Subscription Agreement (and/or other applicable documentation) which accompanies this Offering Memorandum to a Registered Dealer, together with a cheque or bank draft in an amount equal to the purchase price (together, if applicable, with the amount of any commission payable by the investor to the Registered Dealer). To qualify to purchase Class O Units, an investor must also enter into a Class O Unit agreement with the

Manager. The purchase price for Units is an amount equal to the applicable Class Net Asset Value per Unit subscribed for. The Class Net Asset Value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Eastern Time) or such earlier time as the Toronto Stock Exchange may close, on a Valuation Date, will be calculated as of that Valuation Date. The Class Net Asset Value per Unit for subscriptions received and accepted after 4:00 p.m. (Eastern Time), or such earlier time as the Toronto Stock Exchange may close, on a Valuation Date, will be calculated on the next Valuation Date. See “*Portfolio Valuation and Net Asset Value*”. The Manager reserves the right to accept or reject orders, provided that any decision to reject an order must be made promptly and any monies received with a rejected order will be refunded immediately after such determination has been made by the Manager. If the Manager does not receive payment for the Units purchased by the third business day following the relevant Valuation Date, together with a fully and correctly completed Subscription Agreement (and/or other applicable documentation), the Manager may redeem or reverse the purchase of Units. If the proceeds of redemption exceed the cost of the Units purchased, the applicable Fund will retain the excess. However, if the proceeds of redemption are less than the cost of the Units purchased, the investor or his or her Registered Dealer will be responsible for paying the difference to the applicable Fund together with any associated costs.

Following each purchase of Units, unitholders will receive a written confirmation indicating details of the purchase transaction including the dollar amount of the purchase order, the applicable Class Net Asset Value per Unit and the number of Units purchased. For additional investments, the written confirmation will indicate the cumulative total of all Units held by the unitholder.

Minimum Investment

The minimum investment in each Fund for subscribers resident in the Offering Jurisdictions is \$25,000.

The Manager, in its sole discretion and subject to certain securities law requirements, may accept minimum investments in lesser amounts from time to time. Investors should consult their Registered Dealer and other advisors and refer to the representations, warranties and certifications contained in the Subscription Agreement which accompanies the Offering Memorandum to determine whether they qualify as an Accredited Investor.

The Manager reserves the right to change the minimum amounts for investments in the Funds at any time and from time to time.

Purchases under the Sales Charge Option

Under this option, a sales charge is deducted from the amount of the subscription and paid to the investor’s Registered Dealer. Sales charges are negotiable between investors and their Registered Dealers. The remaining amount is divided by the applicable Class Net Asset Value per Unit, as described under “*Purchase of Units*”, to determine the number of applicable Units of the Fund purchased. The maximum sales charge for the Funds is 5% of the total amount invested. Units purchased on a reinvestment of distributions are not subject to a sales charge. There is no sales charge on the purchase of Fee-based Units.

Prospectus Exemptions

Units are being sold under available exemptions from the prospectus requirements under NI 45-106, which has been adopted by the securities regulatory authorities in each of the Offering Jurisdictions. The Units are being distributed only to (a) investors who are Accredited Investors and (b) investors to whom Units may otherwise be sold. Purchasers will be required to make certain representations in the Subscription Agreement and the Manager will rely on such representations to establish the availability of the exemptions from prospectus requirements described above.

Additional Investments

Additional investments in Units in an amount not less than \$5,000 are permitted by the Manager, subject to the availability of an exemption from the prospectus requirements. At the time of making each additional investment in a Fund, each unitholder will be deemed to have repeated to the Fund certain representations contained in the Subscription Agreement delivered by the unitholder to the Fund at the time of the initial purchase. The Manager reserves the right to change the minimum amount for additional investments in the Funds at any time and from time to time.

Exchanging Units

A unitholder may exchange Units of one Fund for Units of the same Class of a different Fund. Each exchange must qualify as either a minimum investment or additional investment in the new Fund. In such circumstances, the unitholder will not be required to pay any redemption charges to effect the exchange, but the investor may have to pay a redemption charge when he or she redeems the Units acquired through the exchange. The redemption charge will be calculated based on the cost of the original Units and the date on which the unitholder bought the original Units. Unitholders may have to pay a performance fee on the original Units. Unitholders may have to pay their Registered Dealer a fee based on the value of the Units exchanged. Exchange fees are negotiable between unitholders and their Registered Dealers to a maximum charge of 2% of the total amount exchanged.

Fee-based Units may be exchanged by the Manager into units of another Class of the Fund if the Manager becomes aware that the Unitholder is no longer entitled to hold such Units. See “*Redemption of Units*” and “*Classes of Units*”.

DEALER COMPENSATION

Units are distributed by Registered Dealers in the Offering Jurisdictions. The Manager provides the compensation programs described below to Registered Dealers placing orders, whose clients purchase Units, to assist them in their distribution efforts.

Sales Charges

Sales charges may be negotiated with your Registered Dealer. Where purchases are made under the Sales Charge Option, a sales commission of up to 5% will be deducted from the purchase order and paid by the investor to the Registered Dealer. The remaining amount is invested in the Fund. There is no sales charge on the purchase of Fee-based Units. See “Investing in the Funds – Purchases Under the Sales Charge Option”.

Servicing Commissions

A servicing commission is a portion of the Manager’s management fee shared with an investor’s Registered Dealer. The servicing commissions pay for ongoing advice and service which the investor is entitled to receive from the investor’s Registered Dealer so long as the investor’s investment remains in the Funds.

Servicing commissions are calculated monthly and payable monthly or quarterly to Registered Dealers with client assets invested in the Funds. Servicing commissions are based on the daily total Net Asset Value of client assets invested in the Funds at annual rates outlined in the table below.

Fund	Class	Annual Rate
East Coast Investment Grade II Fund	A, U	0.75%
Performance Fund	A	0.50%

We may pay your Registered Dealer a trailing commission monthly on Series O Shares which is a matter negotiable between Arrow and your Registered Dealer, and will not exceed 1.00% per year. No trailing commissions are paid to dealers in respect of Fee-Based Units. Servicing commissions may be modified or discontinued by the Manager at any time.

Sales Incentives

Co-operative Marketing Programs – The Manager may from time to time fund on a co-operative basis with Registered Dealers up to 50% of the direct costs of certain sales communications and investor seminars to provide educational information concerning the Funds, the Manager or mutual funds in general. Investors will be given written notice in the sales communication or seminar that the Manager has paid in part for the sales communication or investor seminar.

Conferences and Other Educational Programs – The Manager may financially participate in or provide product support at Registered Dealer conferences, the primary purpose of which is the provision of educational information about financial planning, investing in securities, mutual fund industry matters, the Funds or the Manager, but will not subsidize more than 10% of the total direct cost (excluding travel and accommodation costs) of such conferences. The Manager

may reimburse Registered Dealers for up to the total cost of the fees for educational courses, the primary purpose of which is the provision of educational information about financial planning, investing in securities, mutual fund industry matters, the Funds or the Manager, taken by salespersons. The Manager may also host seminars or conferences for salespersons or Registered Dealers, the primary purpose of which is the provision of educational information about financial planning, investing in securities, mutual fund industry matters, the Funds or the Manager, although the Manager will not pay or subsidize Registered Dealers travel and accommodation costs to attend such seminars or conferences.

Promotional and Other Items – The Manager may give promotional items of minimal value to Registered Dealers and salespersons and may engage in reasonable business promotional activities with Registered Dealers and salespersons.

DISTRIBUTION POLICY

This section tells you when a Fund usually distributes any earnings to investors.

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

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

Distributions on Units held in a Registered Plan are automatically reinvested (without charge) in additional Units of the same class of a Fund.

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

The distributions by way of reinvested Units are subject to the same fees and expenses as purchased Units; whereas if you receive cash distributions 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 distributions or dividends, see "*Fees and Expenses*". To receive distributions in cash you (or broker, dealer or advisor) must provide us a written request that you wish to receive distributions in cash. Please see the back cover for our contact information.

East Coast Investment Grade II Fund will make regular monthly distributions. If the Fund earns more income or capital gains than the distribution, it will distribute the excess each December. If the Fund earns less than the distribution, the difference is a return of capital.

Distributions during the year will generally not be made to holders of Units of Performance Fund.

Each December, the Funds will make an annual distribution to unitholders on the distribution 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, distributions will be reinvested by purchasing additional Units of a Fund, without charge, unless a written request is submitted to Arrow, requesting distributions or dividends be paid in cash instead.

We may change the distribution policy at our discretion.

The distribution rate on a class of Units of a Fund may be greater than the return on the Fund's investments. Any distributions 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 distributions see "*Certain Canadian Federal Income Tax Considerations*".

PORTFOLIO VALUATION AND NET ASSET VALUE

The Manager will determine the Net Asset Value of each Fund, of each Class and of each Unit as of every Valuation Date. The Net Asset Value of each Fund is determined in accordance with the provisions of its Trust Indenture by valuing the assets of the Fund and deducting all liabilities. A separate Net Asset Value per Unit for each Class is calculated by subtracting the liabilities specifically related to that Class from its proportionate share of the difference between the assets and liabilities of a Fund that are not specifically related to any Class. The Class Net Asset Value of a particular Class of a Fund is divided by the number of Units outstanding (before redemptions and subscriptions) at the

close of business on a Valuation Date to determine the Class Net Asset Value per Unit. The Class Net Asset Value per Unit will be reported in Canadian currency and may also be reported in such other currencies as the Manager may from time to time determine, based on the rate or rates of exchange, as the case may be, reported by any report in common use.

In calculating the NAV, each Fund values the various assets as described below. We may deviate from these valuation practices in circumstances where this would be appropriate, for example, if trading in a security is halted because of significant negative news about the company.

Type of Asset	Method of Valuation
Liquid assets, including cash on hand or on deposit, accounts receivable and prepaid expenses	Valued at full face value unless we determine the asset is not worth full-face value, in which case we will determine a fair value.
Money market instruments	The purchase cost amortized to the instrument's due date.
Bonds, term notes, shares, subscription rights and other securities listed or traded on a stock exchange	The latest available sale price reported by any means in common use. If a price is not available, we determine a price at the average of the closing bid and ask price or the latest available sale price. If the securities are listed or traded on more than one exchange, the Fund calculates the value in a manner that we believe accurately reflects fair value. If we believe stock exchange quotations do not accurately reflect the price the Fund would receive from selling a security, we can value the security at a price we believe reflects fair value.
Bonds, term notes, shares, subscription rights and other securities not listed or traded on a stock exchange	The price quotation or valuation that we believe best reflects fair value.
Restricted securities as defined in NI 81-102	The market value of securities of the same class which are not restricted, multiplied by the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known or such lower value as may be available from reported quotations in common use.
Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants	The current market value.
Premiums received from written clearing corporation options, options on futures or over-the-counter options	Treated as deferred credits and valued at an amount equal to the market value that would trigger closing the position. The deferred credit is deducted when calculating the net asset value of the Fund. Any securities that are the subject of a written clearing corporation option or over-the-counter option will be valued as described above.
Futures contracts, forward contracts and swaps	Valued according to the gain or loss the Fund would realize if the position were closed out on the day of the valuation. If daily limits are in effect, the value will be based on the current market value of the underlying interest.

Assets valued in foreign currency, deposits, contractual obligations payable to the Fund in foreign currency and liabilities and contractual obligations the fund must pay in foreign currency	Valued using the exchange rate from a publicly disseminated quotation service.
Precious metals	Precious metals (certificates or bullion) and other commodities are valued at their fair market value, generally based on prevailing market prices as reported on exchanges or other markets.
Securities of other mutual funds	The value of the securities will be the net asset value per security on that day or, if the day is not a valuation day of the mutual fund, the net asset value per security on the most recent valuation day for the mutual fund.

The value of any security or asset for which a market quotation is not readily available or to which, in the opinion of the Manager, the above principles cannot be applied shall be the fair value thereof determined in such manner, consistent with industry practices, as the Manager from time to time determines;

The Manager may declare a suspension of the determination of Net Asset Value of a Fund for the whole or part of any period in which the right of redemption has been suspended. See “*Redemption of Units*”.

REDEMPTION OF UNITS

Unitholders of East Coast Investment Grade II Fund may redeem their Units on the last Valuation Date of a calendar month at the applicable Class Net Asset Value per Unit. Unitholders of Performance Fund may redeem their Units on the last Valuation Date of each week. The effective day of the redemption order is called the “*redemption trade date*”. Redemption orders must be in writing and the unitholder’s signature guaranteed by a Registered Dealer, Canadian chartered bank, trust company, a member of a stock exchange in Canada or otherwise guaranteed to the satisfaction of the Manager. Redemption orders may be made directly to a Fund or through the unitholder’s Registered Dealer. If a unitholder’s Units are registered in the name of an intermediary such as a Registered Dealer, clearing agency or its nominee, redemption orders must be made through such intermediary. Redemption orders must be received by the Manager prior to 4:00 p.m. (Eastern time), or such earlier time as the Toronto Stock Exchange may close, as per the following:

Performance Fund	On a redemption trade date
East Coast Investment Grade II Fund	At least ten business days prior to the redemption trade date

If the redemption order is received by the applicable time, Units will be redeemed at the applicable Class Net Asset Value per Unit calculated on the applicable Valuation Date and orders received after that time will be effective on the next applicable Valuation Date. The amount payable to a unitholder from a Fund for each Unit redeemed will be an amount equal to the applicable Class Net Asset Value per Unit on the redemption trade date. The Fund may also redeem Units where the unitholder ceases to qualify to hold a Class of Units, where the unitholder is a non-resident or designated beneficiary under the Tax Act, where a unitholder has withdrawn consent to disclosure of information as set out in the Subscription Agreement which accompanies this Offering Memorandum or on the direction of the Manager for any or no reason on not less than 30 days’ written notice to the unitholder.

Payment for Units which are redeemed will be made by a Fund either by cheque or by electronic means, or in an appropriate manner determined by the Manager. Payment will generally be made under normal industry settlement guidelines, but the Manager reserves the right to settle redemptions up to 30 days after the redemption trade date.

Each Fund may suspend the redemption of Units in the following circumstances:

- (a) for any period when normal trading is suspended on any stock, options or other exchange or market, within or outside of Canada on which securities are listed and traded, or on which derivatives are traded which represent more than 50% by value or underlying market exposure of the total assets of the Fund, without allowance for liabilities; or
- (b) provided that such suspension or postponement complies with applicable securities legislation.

Any redemption request of a unitholder which has been deferred because of a suspension of redemptions of a Fund will be completed by the Trustee on the first Valuation Date following the termination of the suspension unless earlier withdrawn by the unitholder.

The right of unitholders to redeem their Units or the Fund to redeem Units held by unitholders are contained in the respective Trust Indentures. See “Units of the Funds”.

Subject to the short term trading redemption charge described below, no redemption charges apply to Units purchased under the Sales Charge Option.

Short Term Trading Redemption Charge

Short-term trading activities in the Funds may adversely affect unitholders. Short-term trading has the potential to increase costs associated with the administration of the trades and potentially poses challenges to the Manager in generating optimum returns through long-term portfolio investments. Accordingly, a redemption charge of 5% of the net asset value of the redeemed Units may be charged to the unitholder and paid to the Fund if Units are redeemed within 120 days of such Units having been acquired. This charge does not apply to systematic transactions. Further purchase orders from the same unitholder may be refused by the Manager. The short term trading redemption charge is in addition to any other fees a unitholder is otherwise subject to under this Offering Memorandum.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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 the Manager, and holds Units 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 unitholders can file an election to treat all future dispositions of certain property, including Units of the Funds, 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 Funds

In general, a Fund pays no income tax as long as it distributes its income and net realized capital gains to its unitholders. Each Fund generally intends to distribute a sufficient amount of its net income for tax purposes, including net realized capital gains, so it will not be liable for any income tax under Part I of the Tax Act.

Types of Income from the Funds

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

- **Distributions.** When a Fund earns net income from its investments or realizes a net capital gain by selling securities, it intends to allocate these amounts on to you as a distribution.

- **Capital gains (or losses).** You can realize a capital gain (or loss) when you sell or switch your Units of the Funds (including a switch of Units of one Fund for Units of another Fund) for more (or less) than you paid for them. Generally, switching one class of Units to another class of Units (other than switches to or from the U.S. Dollar Units) of the same Fund will not result in a disposition for tax purposes.

Funds held in Registered Plans

Securities of the Funds 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 Funds may be eligible for other Registered Plans offered through your representative’s firm.

Each Fund currently qualifies as a “mutual fund trust” and is expected to continue to qualify as a “mutual fund trust” at all material times. Therefore, each Fund is expected to be a “qualified investment” for Registered Plans. **If a Fund was not to qualify as a “mutual fund trust”, the income tax considerations as described below would, in some respects, be materially and adversely different.**

If you hold Units of the Funds in a Registered Plan, you generally pay no tax on distributions paid from the Funds on those Units or on any capital gains that your Registered Plan realizes from selling, redeeming or switching Units (including a switch of Units of one Fund for Units 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 Units of the Funds 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 Units of the Funds through Registered Plans and neither the Funds nor Arrow assumes any liability to you as a result of making the Units of the Funds available for investment. If you choose to purchase Units of the Funds 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 Units of the Funds in a non-registered account, you must include the following in calculating your income each year:

- Any net income and the taxable portion of any net capital gains (computed in Canadian dollars) distributed to you by a Fund, whether you receive the distributions in cash or they are reinvested in Units of a Fund.
- The taxable portion of any capital gains you realize from selling or redeeming your Units (including to pay fees described in this document) or switching your Units (including a switch of Units of one Fund for Units of another Fund) when the value of the Units is greater than their adjusted cost base plus reasonable costs of disposition (including any redemption fees). If the value of Units 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, and the amount of any management fee distributions paid to you out of a Fund's income. However, an election may be available in certain circumstances that allows you to reduce the adjusted cost base of the respective Units 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 the Funds that shows you how much of each type of income the Funds distributed to you and any return of capital. You can claim any tax credits that apply to that income that are allocated to you by the Funds.

Dividends and capital gains distributed by the Funds 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 or management fee distributions paid to you.

Distributions

Distributions from the Funds (whether in the form of cash or in the form of reinvested Units) may include a return of capital. When a Fund makes a distribution exceeding your share of net income and net capital gains the excess is a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of your Units. If the adjusted cost base of your Units 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 Units 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 Units.

Distributions may result from foreign exchange gains because the Funds are required to report income and net realized capital gains in Canadian dollars for tax purposes.

The history of distributions paid from a Fund is no indication of future distribution payments. Several factors determine the distributions to be paid from a Fund. These include, but are not limited to, net conversions, realized and unrealized gains, and distributions from the underlying investments.

The Unit price of the Funds may include income and capital gains that a Fund has earned, but not yet realized (in the case of capital gains) and/or paid out as a distribution. If you buy Units of a Fund just before it pays a distribution you will be taxed on that distribution. 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 dividend policy of each Fund.

The higher a Fund's portfolio turnover rate is in a year, the greater the chance that you will receive a taxable distribution from the Fund. There is no necessary relationship between a Fund's turnover rate and its performance, although the larger trading costs associated with a high portfolio turnover rate would reduce a 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 Units or the fair market value of Units that you switch (after deducting any redemption fees or other charges) and the adjusted cost base of those Units.

Generally, switching one class of Units of a Fund to another class of Units 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 Units of a particular class of a Fund at any time equals:

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

You should keep detailed records of the purchase cost of your investments and distributions you receive on those Units so you can calculate their adjusted cost base. All amounts (including adjusted cost base, distributions 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 Units of a 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 Units of the same Fund (which are considered to be “substituted property”) within 30 days before or after you dispose of your Units. 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 Units which are substituted property.

FATCA / CRS Information Reporting

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 unitholders may be requested to provide information to the Funds, or their registered dealer, relating to their citizenship, tax residency and, if applicable, a U.S. federal tax identification number (“**TIN**”). If a unitholder is identified as a U.S. person (including a U.S. citizen who is resident in Canada) or if the unitholder 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 unitholder’s investment in a Fund to be reported to the Canada Revenue Agency (the “**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 Funds are required to have procedures in place to identify accounts held by unitholders (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 Common Reporting Standard regime.

REPORTING TO UNITHOLDERS

The fiscal year end of the Funds is December 31. The audited annual and unaudited semi-annual financial statements of the Funds will be prepared and sent to unitholders who elect to receive the financial statements in conformity with applicable securities law requirements, as these may be amended from time to time.

Each of the Funds has received relief from the requirement to include the names of the issuers of securities sold short in its statements of investment portfolio provided that the statement includes disclosure of short positions by industry, the average cost, market value and percentage of net assets of each industry category, and the names of issuers where the short position exceeds 5% of a Fund's net assets. This relief terminates upon the coming into force of any legislation or rule of the Ontario Securities Commission dealing with paragraph 3.5(1)1 of National Instrument 81-106 *Investment Fund Continuous Disclosure* or any matters relating to the disclosure of short positions by investment funds.

AMENDMENT OF THE TRUST INDENTURES AND TERMINATION OF THE FUNDS

The Manager may determine to amend a Fund's Trust Indenture at any time, without notice to unitholders provided that no amendment shall be made which adversely affects the pecuniary interests of any unitholder or which amends any other matter or thing stated in the Trust Indenture as requiring to be consented to or approved by the unitholders or restricts any protection provided to the Trustee or increases the responsibilities of the Trustee hereunder.

Any amendment which cannot be made in accordance with the above may be made, at any time, by the Manager and the Trustee with the consent of unitholders as provided for in the Trust Indentures.

Each Fund may be terminated on the occurrence of certain events stipulated in its Trust Indenture. The Manager may resign as manager of a Fund and if no successor is appointed the Fund will be terminated. On termination of a Fund, the Trustee will distribute the assets of the Fund in cash or in kind in accordance with its Trust Indenture. See also "*Management of the Funds — The Manager and The Trustee*".

MATERIAL CONTRACTS

Each Fund, from time to time, enters into distribution and administration agreements with Servicers in order to facilitate the distribution of Units of the Fund. Except for these distribution agreements, and the respective Trust Indentures, Management Agreements and the institutional margin account agreements and prime broker agreements which are referred to in this Offering Memorandum (collectively, the "**Material Contracts**"), no material contract has been entered into by or on behalf of the Funds.

A copy of the Material Contracts may be inspected at the office of the Manager during normal business hours. To the extent there is any inconsistency or conflict between any of the Material Contracts and this Offering Memorandum, the provisions of the Material Contracts shall prevail.

PROMOTER

The Manager may be said to be the promoter of the Funds, having taken the initiative in their establishment.

VALUATION AGENT

CIBC Mellon Global Securities Services Company (the "**Valuation Agent**"), at its office at One York Street, Suite 900 Toronto, ON, M5J 0B6 Canada, is the valuation agent for the Funds.

RECORDKEEPING SERVICE PROVIDER

The recordkeeping services provider of the Units of the Funds is RBC Investor Services Trust. For Canada Post deliveries send to: RBC Investor Services, Attention: Investment Shareholder Services, P.O. Box 7500, Station A, Toronto, Ontario, M5W 1P9. For courier deliveries send to: RBC Investor Services, Attention: Investment Shareholder Services, 155 Wellington Street West, 3rd Floor, Toronto, Ontario, M5V 3L3.

PRIME BROKERS AND CUSTODIANS

The Performance Fund has entered into the following prime brokerage and custody agreements:

Scotia Capital Inc., Toronto, Ontario	institutional prime brokerage services and pledge agreement	October 22, 2014
BMO Capital Markets, Toronto, Ontario	Institutional prime brokerage services agreement	December 15, 2016

East Coast Investment Grade II Fund has entered into the following prime brokerage and custody agreements:

TD Securities Inc., Toronto Ontario	institutional prime brokerage account agreement	January 26, 2011
CIBC World Markets, Toronto, Ontario	Prime brokerage services agreement	April 6, 2018

AUDITORS

The auditors of East Coast Investment Grade II Fund are PricewaterhouseCoopers LLP, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

The auditors of Performance Fund are Grant Thornton LLP, 200 King Street West, 11th Floor, Toronto, Ontario M5H 3T4.

CONSOLIDATED OFFERING MEMORANDUM

Since many of the attributes of the Funds and their respective Units are identical, a single offering memorandum is being used to offer the Units of the Funds. Each Fund is responsible for the disclosure relating to it, but does not assume liability for any misrepresentation of or failure to provide information in relation to any other Fund.

The information contained in this Offering Memorandum, including the purchasers' statutory or contractual rights of action in Schedule "A" are referred to collectively herein as the Offering Memorandum.

PURCHASERS RIGHTS OF ACTION

Securities legislation in certain provinces provides purchasers with the right to withdraw from an agreement to purchase securities. In several of the provinces, the legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages, if this Offering Memorandum contains a misrepresentation, and in some provinces, certain other rights. The rights of action and rescission available or offered to purchasers in each of the provinces and territories of Canada are described in the attached Schedule "A".

MONEY LAUNDERING AND TERRORIST FINANCING

As required by the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) the Manager is obligated to implement specific measures to detect and deter money laundering and the financing of terrorist activity. As such, unitholders may have to provide additional information, as noted in the Subscription Agreement and corresponding forms. If the Manager is aware or suspects that a unitholder is engaged in money laundering, it is the duty of the Manager to report to the Financial Transactions and Reports Analysis Centre of Canada. This reporting will not be a breach of privacy laws or otherwise as it is required by law.

SCHEDULE “A”
PURCHASERS’ RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

The rights of action and rescission available or offered to purchasers where there is a Misrepresentation are set forth below for each of the provinces and territories of Canada. For the purposes of the following, “Misrepresentation” generally means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated, or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

In some provinces and territories, a purchaser has a statutory right of action, which is described below. In other provinces and territories, no statutory rights exist but a contractual right of action is offered where the Funds have determined to do so on a voluntary basis. These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation. Any rights of action for damages or rescission described below are in addition to, and without derogation from, any right or remedy available at law to the purchaser and are subject to the defenses contained in those laws.

The following summary is subject to the express provisions of the relevant securities legislation and the rules, regulations and other instruments thereunder in the provinces of Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut. Purchasers should refer to the securities legislation applicable in their province or territory along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor.

Statutory Rights

Manitoba

If the Offering Memorandum or a record incorporated by reference in or deemed to be incorporated by reference into the Offering Memorandum is delivered to a purchaser resident in Manitoba and contains a Misrepresentation that was a Misrepresentation at the time of purchase, the purchaser will be deemed to have relied upon the Misrepresentation and will have a statutory right of action for damages against the Fund and every person or company who signed the Offering Memorandum or, alternatively, the purchaser, may elect instead to exercise a statutory right of rescission against the Fund. If the purchaser elects to exercise the right of recession, the purchaser will have no right of action for damages.

This right of action is subject to the following limitations:

- (a) no person or company will be liable if it proves that the purchaser had knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation; and
- (c) in no case will the amount recoverable in any action exceed the price at which the Units were offered under the Offering Memorandum.

In addition, a person or company, other than the Fund, will not be liable if that person or company proves:

- (a) that the Offering Memorandum was sent to the purchaser without the person’s or company’s knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person’s or company’s knowledge and consent;
- (b) if the person or company proves that after becoming aware of the Misrepresentation, the person or company withdrew the person’s or company’s consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert’s report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - there had been a Misrepresentation, or
 - the relevant part of the Offering Memorandum,

- did not fairly represent the expert's report, opinion or statement, or
 - was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (d) with respect to any part of the Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:
- did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
 - believed that there had been a Misrepresentation.

No such action may be commenced to enforce the right of action for rescission or damages more than:

- (a) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission; or
- (b) the earlier of:
 - 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - two years after the day of the transaction that gave rise to the cause of action, in any other case.

New Brunswick

If the Offering Memorandum delivered to the purchaser contains a Misrepresentation, the purchaser will be deemed to have relied upon the Misrepresentation if it was a Misrepresentation at the time of purchase and will have a statutory right of action against the Fund for damages or, alternatively, for rescission.

This right of action is also subject to the following limitations:

- (a) no person will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of those damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation; and
- (c) in no case will the amount recoverable exceed the price at which the Units were sold to the purchaser.

Similar rights of action for damages and rescission are provided in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of Units.

Where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the Unit purchased and the verbal statement is made either before or contemporaneously with the purchase of the Unit, the purchaser is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

No action shall be commenced to enforce a right of action more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, the earlier of:
 - one year after the purchaser first had knowledge of the facts giving rise to the cause of action, and
 - six years after the date of the transaction that gave rise to the cause of action.

Newfoundland and Labrador

Where the Offering Memorandum or a record incorporated by reference in or deemed incorporated into the Offering Memorandum contains a Misrepresentation when a person or company resident in Newfoundland and Labrador purchases a Unit offered by the Offering Memorandum, the purchaser has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund and every person or company who signed the Offering Memorandum and a right of action for rescission against the Fund. Where the purchaser elects to exercise a

right of rescission against the Fund, the purchaser has no right of action for damages against a person or company referred to above.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person or company shall not be liable where the person or company proves that the purchaser had knowledge of the Misrepresentation;
- (b) the amount recoverable under the above provisions shall not exceed the price at which the Units were offered under the Offering Memorandum; and
- (c) in an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Unit as a result of the Misrepresentation.

A person or company, other than the applicable Fund, shall not be liable:

- (a) where the person or company proves that the Offering Memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
- (b) if the person or company proves that the person or company, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - there had been a Misrepresentation, or
 - the relevant part of the Offering Memorandum:
 - did not fairly represent the report, opinion or statement of the expert, or
 - was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (a) with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, an extract from, a report, opinion or statement of an expert, unless the person or company:
 - did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
 - believed there had been a Misrepresentation.

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of:
 - 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - 3 years after the date of the transaction that gave rise to the cause of action.

Northwest Territories

If the Offering Memorandum or a record incorporated by reference in or deemed incorporated into the Offering Memorandum contains a Misrepresentation, a purchaser resident in Northwest Territories who purchases a Unit offered by the Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the Misrepresentation, a right of action for damages against the Fund and every person who signed the Offering Memorandum. If the Offering Memorandum contains a Misrepresentation, a purchaser who purchases a Unit offered by

the Offering Memorandum during the period of distribution has a right of action for rescission against the Fund. If the purchaser elects to exercise a right of rescission, the purchaser shall have no right of action for damages.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person is not liable if proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) a person is not liable for any damages that the defendant proves do not represent the depreciation of value of the Unit resulting from the Misrepresentation; and
- (c) the amount recovered by a plaintiff must not exceed the price at which the Units purchased by the plaintiff were offered.

A person, other than the applicable Fund and selling unitholder, is not liable for damages if the person proves that:

- (a) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it was sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - there had been a Misrepresentation, or
 - the relevant part of the Offering Memorandum:
 - did not fairly represent the expert's report, opinion or statement, or
 - was not a fair copy of, or an extract from, the report, statement or opinion of the expert;

A person, other than the Fund, is not liable for damages with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
- (b) believed that there had been a Misrepresentation.

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of:
 - 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - 3 years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

If the Offering Memorandum, a record incorporated by reference in or deemed incorporated into the Offering Memorandum, any amendment to the Offering Memorandum or any advertising or sales literature contains a Misrepresentation that was a Misrepresentation at the time of purchase, a purchaser resident in Nova Scotia will be deemed to have relied upon the Misrepresentation and will have a statutory right of action for damages against the Fund and, subject to additional defences, every person who signed the Offering Memorandum. Alternatively, the purchaser may elect to exercise a statutory right of rescission against the seller, in which case the purchaser will have no right of action for damages.

The right of action is subject to the following limitations:

- (a) the right of action for damages or rescission is exercisable not later than 120 days after the date on which payment was made for the Units;
- (b) no person or company will be liable if it proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, the defendant will not be liable for all or any portion of those damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation;
- (d) in no case will the amount recoverable exceed the price at which the Units were offered under the Offering Memorandum or amendment to the Offering Memorandum to the purchaser;
- (e) no person or company, other than the Fund, is liable for damages if the person or company proves that:
 - the Offering Memorandum or amendment to the Offering Memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware that of its being sent, the person or company promptly gave reasonable general notice that it was sent or delivered without the person's or company's knowledge and consent;
 - after delivery of the Offering Memorandum or the amendment to the Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of the Misrepresentation in the Offering Memorandum or amendment to the Offering Memorandum, the person or company withdrew the person's or company's consent to the Offering Memorandum or amendment to the Offering Memorandum and gave reasonable general notice of the withdrawal and the reason for it; or
 - with respect to any part of the Offering Memorandum or the amendment to the Offering Memorandum purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person or company had no reasonable grounds to believe and did not believe that:
 - there had been a Misrepresentation, or
 - the relevant part of the Offering Memorandum or the amendment to the Offering Memorandum
 - did not fairly represent the report, statement or opinion of the expert, or
 - was not a fair copy of, or an extract from, the report, statement or opinion of the expert; and
- (f) no person or company other than the Fund is liable for damages with respect to any part of the Offering Memorandum or amendment to the Offering Memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
 - failed to conduct reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or
 - believed that there had been a Misrepresentation.

Nunavut

If the Offering Memorandum or a record incorporated by reference in or deemed incorporated into the Offering Memorandum contains a Misrepresentation, a purchaser resident in Nunavut will be deemed to have relied upon the Misrepresentation and will have a right of action for damages against the applicable Fund and every person who signed the Offering Memorandum. Alternatively, where the purchaser purchased the Units from the Fund, the purchaser may elect to exercise a right of rescission against the Fund.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) a person is not liable for damages, nor does a right of rescission exist, where the person proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

- (b) in an action of damages, the defendant is not liable for all or any portion of the damages that it do not represent the depreciation in value of the Units as a result of the Misrepresentation; and
- (c) in no case will the amount recoverable in any action exceed the price at which the Units were offered under the Offering Memorandum.

A person, other than the Fund, is not liable for damages if the person proves that:

- the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person;
- the person, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person or company had no reasonable grounds to believe and did not believe that:
 - there had been a Misrepresentation, or
 - the relevant part of the Offering Memorandum:
 - did not fairly represent the report, statement or opinion of the expert, or
 - was not a fair copy of, or an extract from, the report, statement or opinion of the expert;

No person, other than the Fund, is not liable for damages with respect to any part of an Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

A person, other than the Fund, is not liable for damages with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
- (b) believed that there had been a Misrepresentation.

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of:
 - 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - 3 years after the date of the transaction that gave rise to the cause of action.

Ontario

If this Offering Memorandum contains a misrepresentation, a purchaser subject to securities legislation in Ontario will have, without regard to whether the purchaser relied on such misrepresentation, a right of action against the applicable Fund for damages or, while still the owner of the securities purchased by that purchaser, for rescission (in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund) provided that no action shall be commenced to enforce a right of action more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, the earlier of,
 - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or

- (ii) three years after the date of the transaction that gave rise to the cause of action.

Securities legislation in Ontario provides a number of limitations and defences, including:

- (a) the Fund shall not be held liable pursuant to either right of action if the Fund proves the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) in an action for damages, the Fund is not liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities acquired by the purchaser as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable pursuant to such right of action exceed the purchase price of the securities acquired.

The foregoing rights do not apply if the purchaser purchased the securities under the “accredited investor” exemption and is:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) a Schedule III bank;
- (d) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (e) a subsidiary of any person referred to in paragraphs (a) to (d) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Saskatchewan

If the Offering Memorandum or any amendment to the Offering Memorandum is sent or delivered to a purchaser resident in Saskatchewan and it contained a Misrepresentation, a purchaser who purchases a Unit covered by the Offering Memorandum or any amendment to it is deemed to have relied upon that Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for rescission against the Fund or has a right of action for damages against:

- (a) the Fund;
- (b) every promoter and director of the Fund at the time the Offering Memorandum or any amendment to the Offering Memorandum was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the Offering Memorandum or the amendment to the Offering Memorandum; and
- (e) every person who or company that sells Units on behalf of the Fund under the Offering Memorandum or amendment to the Offering Memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its rights of rescission against the Fund, it shall have no right of action for damages against that party;

- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Units resulting from the Misrepresentation relied on;
- (c) no person or company, other than the Fund, is liable for any part of the Offering Memorandum or the amendment to the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert, unless the person or company:
 - failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
 - believed there had been a Misrepresentation;
- (d) no person or company, other than the Fund, will be liable for any part of the Offering Memorandum or any amendment to the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
 - failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation,
 - or believed that there had been a Misrepresentation;
- (e) in no case shall the amount recoverable exceed the price at which the Units were offered; and
- (f) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation.

In addition, no person or company, other than the Fund, will be liable if the person or company proves that:

- (a) the Offering Memorandum or any amendment to the Offering Memorandum was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of the Offering Memorandum or any amendment to the Offering Memorandum and before the purchase of the Units by the purchaser, on becoming aware of any Misrepresentation in the Offering Memorandum or the amendment to the Offering Memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice of the person's or company's withdrawal and the reason for it;
- (c) with respect to any part of the Offering Memorandum or any amendment to the Offering Memorandum purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that:
 - there had been a Misrepresentation,
 - the part of the Offering Memorandum or any amendment to the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or
 - the part of the Offering Memorandum or the amendment to the Offering Memorandum was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (d) with respect to any part of the Offering Memorandum or of the amendment to the Offering Memorandum purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a Misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert:
 - the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the Offering Memorandum or of the amendment to the Offering Memorandum fairly represented the person's or company's report, opinion or statement, or

- on becoming aware that the part of the Offering Memorandum or of the amendment to the Offering Memorandum did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Saskatchewan Financial Services Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the Offering Memorandum or of the amendment to the Offering Memorandum.

The Securities Act, 1988 (Saskatchewan), as amended also provides that where an individual makes a verbal statement to a prospective purchaser that contains a Misrepresentation relating to the Unit purchased and the verbal statement is made either before or contemporaneously with the purchase of the Unit, the purchaser is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Similar rights of action for damages and rescission are provided in respect of a Misrepresentation in advertising and sales literature disseminated in connection with an offering of Units.

A purchaser has the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the Units if the Units are sold in contravention of the *Securities, 1988 Act* (Saskatchewan), the regulations thereto or a decision of the Saskatchewan Financial Services Commission.

A purchaser who was not sent or delivered the Offering Memorandum or any amendment to it prior to or at the same time as the purchaser enters into an agreement to purchase the Units has a right of action for rescission or damages.

No action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of
 - one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - six years after the date of the transaction that gave rise to the cause of action.

A purchaser who has received an amended Offering Memorandum has a right to withdraw from the agreement to purchase the Units by delivering a notice to the person who or company that is selling the Units, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended Offering Memorandum.

Prince Edward Island

If the Offering Memorandum or a record incorporated by reference in or deemed incorporated into the Offering Memorandum delivered to a purchaser resident in Prince Edward Island contains a Misrepresentation, the purchaser will be deemed to have relied on the Misrepresentation and will have a right of action for damages against the applicable Fund and every person who signed the Offering Memorandum. Alternatively, where the purchaser purchased Units from the Fund, the purchaser may elect to exercise a right of rescission against the Fund.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) in an action for damages, a defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Units resulting from the Misrepresentation;
- (b) no person, other than the Fund, will be liable for damages for any part of the Offering Memorandum purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person
 - failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
 - believed that there had been a Misrepresentation;
- (c) in no case shall the amount recoverable exceed the price at which the Units provided by the plaintiff were offered;

- (d) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the Units with knowledge of the Misrepresentation;

A person, other than the Fund, is not liable for damages if the person proves that:

- (a) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
 - there had been a Misrepresentation, or
 - the relevant part of the Offering Memorandum:
 - did not fairly represent the report, statement or opinion of the expert, or
 - was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission,
 - 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or
 - three years after the date of the transaction that gave rise to the cause of action, whichever period expires first.

Yukon

If the Offering Memorandum or a record incorporated by reference in or deemed incorporated into the Offering Memorandum contains a Misrepresentation, a purchaser resident in Yukon will be deemed to have relied on the Misrepresentation and will have a right of action for damages against the applicable Fund and every person who signed the Offering Memorandum. Alternatively, where the purchaser purchased the Units from the Fund, the purchaser may elect to exercise a right of rescission against the Fund.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) all person is not liable for damages, nor does a right of rescission exist, where the person proves that the purchaser purchased the Units with knowledge of the Misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the Misrepresentation; and
- (c) in no case will the amount recoverable in any action exceed the price at which the Units were offered under the Offering Memorandum.

A person, other than the Fund, is not liable for damages if the person proves that:

- (a) the Offering Memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of its being sent, the person promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it; or

- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that:
- there had been a Misrepresentation, or
 - the relevant part of the Offering Memorandum,
 - did not fairly represent the report, statement or opinion of the expert, or
 - was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

A person, other than the Fund, is not liable for damages with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person:

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation; or
- (b) believed that there had been a Misrepresentation,

No action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission,
 - 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or
 - three years after the date of the transaction that gave rise to the cause of action, whichever period expires first.

Contractual Rights

British Columbia, Alberta Accredited Investors and Quebec

If this Offering Memorandum together with any amendments to it contains a Misrepresentation, a purchaser in British Columbia or Quebec or an Accredited Investor in Alberta, does not have any statutory rights under applicable securities laws, nor do the securities laws require the Funds to contractually provide any rights of action for damages or rescission. The Funds are voluntarily providing purchasers in those provinces with rights of action for damages, or alternatively, for rescission similar to those provided for in the *Securities Act* (Ontario).

FUND SPECIFIC INFORMATION

EAST COAST INVESTMENT GRADE II FUND

INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS

Investment Objective

The primary objective of the Fund is to maximize risk-adjusted returns while preserving the Fund's capital.

Investment Strategies and Restrictions

To achieve its objective the Fund will pursue a diversified investment program that focuses on fixed income (both credit and interest rate), equity, commodity, foreign exchange and derivative trading. The Fund expects to profit from a core trading strategy of being long fixed income assets while utilising the other assets outlined below to extract relative value and protect the Fund from systemic market risk similar to that experienced in 2008 and Q1 2009.

The assets of the Fund will be invested according to the following guidelines and restrictions:

- The Fund will invest primarily in investment-grade fixed income securities issued by Canadian or non-Canadian governments, corporations, and international agencies. The Fund will from time to time hedge interest rate risk associated with such investments so that the Fund's principal investment exposure will be to changing corporate credit spreads.
- The Fund will buy and sell credit protection on the credit indices and on single names in order to reduce downside risk and maximize returns to the Fund.
- The Fund will use leverage to enhance returns and to hedge the portfolio.
- The Fund will trade options for several reasons, including to take advantage of market dislocation, to monetize periods of extreme volatility and to adequately manage systemic risk in the market.
- The Fund will employ capital structure arbitrage strategies from time to time in an attempt to profit from dislocations in the price of different levels of an issuer's debt and equity (typically this trade combines a long position in an issuer's senior debt with a short position in its common equity).
- The Fund may enter into various derivative agreements, such as but not limited to, interest rate swaps, equity, FX options, FX forwards and cross-currency swaps; primarily for the purposes of hedging. In addition, where it is more efficient to do so, the Fund may use credit default swaps to manage credit exposure.
- The Fund may invest some of its assets in non-investment grade income securities.
- The Fund may engage in securities lending, repurchase and reverse repurchase transactions to earn additional income for the Fund.
- The amount of cash and cash equivalents held by the Fund will fluctuate and may at times be significant.

Subject to market conditions, East Coast will frequently use leverage against assets with satisfactory liquidity characteristics in order to increase return on capital.

East Coast intends to manage portfolio exposure to foreign currency exposure and interest rate exposure. Additionally, portfolio management will include monitoring and limiting industry and issuer exposure, concentration exposure, and default exposure.

The Fund may also invest in other open-ended or closed-ended funds managed by the Manager. The Fund will not invest more than approximately 10% of the Net Asset Value of the Fund in these other funds as measured at the time of investment. Any investment will be made in accordance with the investment objective and investment strategies of the Fund.

The above-described investment strategies which may be pursued by the Fund are not intended to be exhaustive and other strategies may also be employed. The actual strategies utilized by East Coast will depend upon its assessment of market conditions and the relative attractiveness of the available opportunities. East Coast may, in its sole and absolute discretion, use strategies other than those described above or discontinue the use of any strategy without advance notice to unitholders.

Inherent Risks

In accordance with the methodology described on page 9, we have rated the Fund as low to medium risk.

It is not intended as a complete investment program and is designed only for investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their Fund accounts, who are financially able to maintain their investment and who can afford the loss of their investment. There can be no assurance that the Fund will achieve its investment objectives. All potential investors in the Fund should understand the investment approaches and techniques that the Manager and sub-advisor expect to use in the management of the Fund and the particular risks associated with those approaches and techniques.

Risks of investing in the Fund are described under the heading “*Risk Factors*”.

Except as identified above, the investments of the Fund will not be subject to restrictions.

THE INVESTMENT ADVISOR

The Manager has retained East Coast to provide investment advice to the Manager in respect of East Coast Investment Grade II Fund’s investment portfolio pursuant to an agreement (the “**East Coast Advisory Agreement**”) dated as of September 1, 2020.

East Coast is a corporation incorporated under the laws of the Cayman Islands. East Coast is registered with the Ontario Securities Commission as a portfolio manager. Prior to September 1, 2020, East Coast Fund Management Corp. of Toronto, Ontario was investment advisor of the Fund since inception. The same principals were employed by East Coast Fund Management Corp as by East Coast.

Michael MacBain has over 30 years of experience in the financial services industry in various trading and senior management roles for leading investment dealers. Most recently he was Managing Director, Head of Global Debt Markets, RBC Capital Markets from 2008 to 2009, where his primary responsibilities included origination, research, underwriting, sales and trading for the derivative products (equity, interest rate and credit), fixed income, money market, foreign exchange and alternative asset global product groups. Prior to RBC Capital Markets he was employed by TD Securities for 12 years, including as President from 2002 to 2006. At TD he held various senior management roles focused on derivatives (equity, interest rate and credit), fixed income, money market and foreign exchange global products. From 1994 to 2001 he successfully grew the business from a revenue base of \$25mm to \$1.2bn. Prior to TD he was a derivatives trader at other leading global financial institutions. He was awarded Canada’s Top 40 Under 40 Business Person in 2004. He has completed the Executive Management Program, Stanford University and received his Bachelor of Arts, Honours Economics and Finance, from McGill University.

Sinan Akdeniz has over 20 years of experience in the financial services industry, most recently from 2009 to 2014, as a Commissioner, and Chair of the Audit and Finance Committee at the Ontario Securities Commission. Prior to that, Mr. Akdeniz held progressively senior trading and management positions at TD Bank Financial Group. He was Vice-Chair, Global Credit Trading for TD Securities Inc., and Senior Vice-President and Global Head, Credit Portfolio Management for TD Bank, based in London. He then served as Chief Operating Officer, TD Securities Inc., responsible for the firm’s global back office, middle office, technology and finance departments based in Toronto. Mr. Akdeniz, worked as a Chartered Accountant with Touche Ross & Co UK, prior to joining TD Bank Financial Group, in 1994. Sinan has earned his Bachelor of Science, Honours Physics, from the University of Manchester in 1984.

Investment decisions as to the purchase or sale of East Coast Investment Grade Income II portfolio securities are made by East Coast subject to East Coast Investment Grade II Fund’s investment objectives and restrictions and to supervision by the Manager.

The East Coast Advisory Agreement is subject to termination upon 90 days’ written notice on certain terms set out in the East Coast Advisory Agreement or immediately in the event of the bankruptcy or insolvency of either party or by the Manager in the event of a change of legal or defacto control of East Coast. It contains provisions limiting the liability of East Coast and, except in certain circumstances, indemnifying East Coast in respect of liabilities incurred in carrying out its duties under the East Coast Advisory Agreement. The Manager is responsible for all investment advice provided to East Coast Investment Grade II Fund, including that provided indirectly by East Coast.

ARROW PERFORMANCE FUND

INVESTMENT OBJECTIVE, STRATEGIES AND RESTRICTIONS

Investment Objective

The investment objective of the Fund is to strive to deliver consistently positive returns by investing primarily in securities issued by Canadian issuers and mitigating the overall risk of the portfolio by varying market exposure and through the use of option strategies.

Investment Strategies and Restrictions

To achieve its investment objective, the Fund may employ the following strategies:

- invest its assets primarily in equities or equity equivalents (such as warrants, rights, options or convertible securities) of Canadian issuers with superior growth prospects;
- invest in foreign securities;
- invest in a diversified portfolio, chosen from those industries that the investment advisor believes offer the best opportunity for superior near-term returns at each stage of the economic and market cycle;
- invest in underlying funds to provide access to the Fund to strategies and investments on a more efficient basis;
- invest in issuers that have a proven and respected management team, well-defined growth strategies, a distinct competitive advantage and/or are leaders in their respective industries;
- invest long and short in fixed income 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;
- search for event driven trading opportunities;
- invest in issuers encompassing a range of capitalizations including a number of smaller and less liquid issuers which the investment advisor believes to have the potential for significant price appreciation;
- establish short positions, up to an aggregate of 50% of the Fund's NAV (at the time of investment), in issuers suffering declining business prospects combined with weak balance sheets;
- engage in forward contracts, currency futures and/or hold foreign currency for hedging purposes and 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;
- purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks (ECN's). Options can be used in many ways such as to mitigate risk and enhance returns of underlying equity positions, 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 Manager may also utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market-related risks, as it deems appropriate. The Manager believes that the use of options and other derivatives should help reduce risk and enhance investment performance;
- invest in other derivatives, including futures and swaps, for hedging and non-hedging purposes; and
- when market conditions warrant, invest in debt obligations and rely on cash and money market instruments for the preservation of capital and the maintenance of liquidity.

To the extent that the Fund uses leverage, it will leverage to a maximum of 100% (at the time of investment), in the aggregate, of the Fund's NAV.

Inherent Risks

In accordance with the methodology described on page 9, we have rated the Fund as medium risk.

It is not intended as a complete investment program and is designed only for investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their Fund accounts, who are financially able to maintain their investment and who can afford the loss of their investment. There can be no assurance that the Fund will achieve its investment objectives. All potential investors in the Fund should understand the

investment approaches and techniques that the Manager expects to use in the management of the Fund and the particular risks associated with those approaches and techniques.

Significant risks investing in the Fund are described under the heading “*Risk Factors*”.

Except as identified above, the investments of Performance Fund will not be subject to restrictions.

THE INVESTMENT ADVISOR

Management of the Fund’s investment portfolio will be conducted by an investment team headed by the Manager. The Manager is responsible for all decisions concerning the investments of the Fund. The Manager invests and manages the assets of the Fund in accordance with the stated objectives and policies of the Fund, and in accordance with applicable laws, initiates all orders for the purchase and sale of portfolio assets on behalf of the Fund and selects any brokers and dealers with and through whom the Fund may trade.

A biography of the investment team of Performance Fund is below:

Chung Kim is a Portfolio Manager with the Manager and brings 19 years of experience in the Financial Industry. Prior to joining the Manager, Mr. Kim spent 8 years at CIBC Capital Markets as Executive Director, Equity Sales, and prior to that held positions at Desjardins Securities and Versant Partners. Chung holds an MBA from the Schulich School of Business and B. Sc., from the University of Toronto.

Ahson Mirza, CFA, Portfolio Manager, joined Arrow in 2016. Prior to joining Arrow, Ahson worked for Timelo Investment Management in Toronto and Formula Growth Limited in Montreal as an investment analyst. Ahson graduated from McGill University in 2010 with a Bachelors in Electrical Engineering and a minor in Finance.

The services of the Manager under the Management Agreement are not exclusive to the Fund, and nothing in the Management Agreement will prevent the Manager, or any affiliate thereof, from providing similar services to other investment funds and other clients (whether their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.



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