

Arrow Capital Management Inc. Announces Upcoming Fund Merger

FOR IMMEDIATE RELEASE

TORONTO, ON, January 13, 2017 – Arrow Capital Management Inc. (the “**Manager**”), as the manager of the Exemplar U.S. High Yield Fund (the “**Terminating Fund**”) and the Exemplar Growth and Income Fund (the “**Continuing Fund**”) and along with the Terminating Fund collectively referred to as the “**Merging Funds**”), today announced the planned merger of the funds referred to below, subject to receipt of all necessary regulatory and unitholder approvals (the “**Merger**”).

Terminating Fund	Continuing Fund
Exemplar U.S. High Yield Fund	Exemplar Growth and Income Fund

The independent review committee of each of the Funds (the “**IRC**”) has reviewed the proposed Merger of the Terminating Fund with the Continuing Fund and the process to be followed in connection with the Merger, and has advised the Manager that, in the opinion of the IRC, having reviewed the Merger as a potential “conflict of interest matter”, the Merger achieves a fair and reasonable result for the Terminating Fund and the Continuing Fund. While the IRC has considered the proposed Merger from a conflict of interest perspective, it is not the role of the IRC to recommend that unitholders of the Merging Funds vote in favour of the Merger.

If approved by unitholders of the Terminating Fund and by regulators, the proposed merger is expected to take effect after the close of business on or about February 28, 2017 (the “**Effective Date**”). All costs and expenses associated with the merger will be borne by the Manager.

The Merger

On the Effective Date, the Terminating Fund will transfer all of its assets less an amount required to satisfy the liabilities of the Terminating Fund, to the Continuing Fund, in exchange for units of the Continuing Fund. The units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value equal to the value of the net assets transferred by the Terminating Fund. The Terminating Fund will then be wound up as soon as possible following the merger.

A vote for the approval of the Merger will not be effective unless it is approved by a majority of the votes cast by investors of both Merging Funds. The Merger will require the approval by a majority of the votes cast by unitholders of the Terminating Fund at a special meeting of such unitholders, expected to be held on February 21, 2017 (the “**Special Meeting**”). The record date for the purpose of determining which unitholders are entitled to receive notice and vote at the Special Meeting will be the close of business on or about January 20, 2017. The information circular containing a complete description of the matters to be considered at the Special Meeting will be sent to unitholders shortly thereafter. The notice of meeting and management information circular will also be available on SEDAR at www.sedar.com.

The proposed Merger will occur on a tax-deferred basis.

Provided that the Merger is approved, effective as of the close of business on February 21, 2017, the Terminating Fund will cease distribution of securities and any new purchases of units will not be allowed.

The Terminating Fund will remain closed to purchase-type transactions, except existing systematic investment programs (such as pre-authorized chequing plans) until it is merged with the Continuing Fund on the Effective Date.

The Manager believes the proposed merger is in the best interests of both Merging Funds. Unitholders are expected to benefit from reduced operating costs, improved diversification and savings in brokerage charges.

About Arrow Capital Management Inc.

Arrow Capital Management Inc. is an employee-owned company, founded in 1999. Arrow's expertise in active portfolio management and manager selection is evident in its strong, diverse platform, which provides clients with access to a global selection of actively managed investment funds. Arrow is committed to continuously providing investors with access to a wide range of investment solutions. With over 15 years of service, Arrow has been well respected as a Canadian alternative investment company.

For further information, please contact:

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