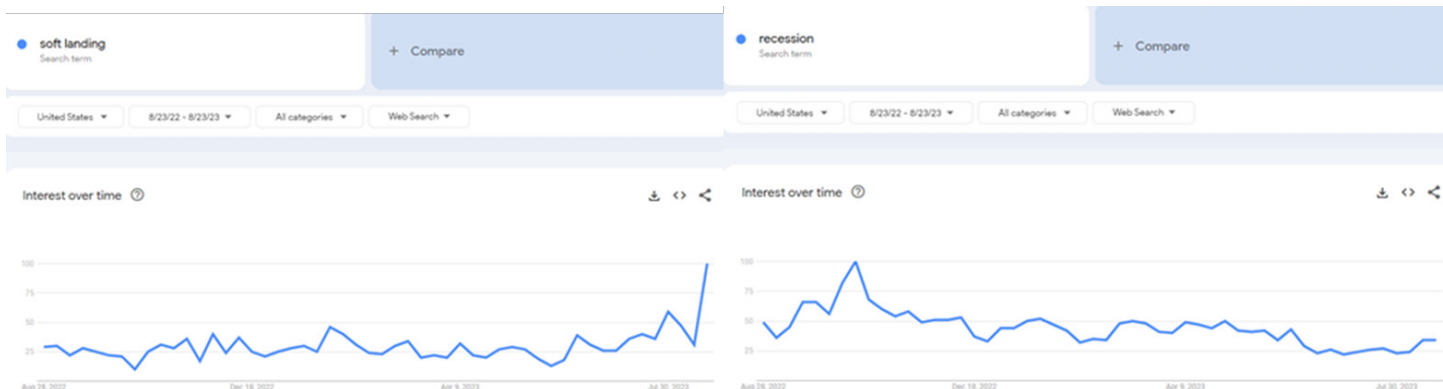


For August, the Fund was +0.39% vs -1.37% for the TSX and -1.59% for the S&P500 USD. YTD, the Fund is +1.91% vs +6.94% for the TSX and +18.73% for the S&P500 USD.

Market Update and thoughts about the Consumer

Choppiness prevailed in August as momentum and breadth deteriorated. Our defensive positioning helped us return a positive month. We continue to worry that the market has lulled itself into a false sense of security with a 'soft landing' now becoming the consensus narrative. A crude illustration is Google Trends, which shows 'soft landing' searches spiked to highs in late August. Notably, the market bottomed in October last year, co-incident with peak searches for 'recession'.



The soft landing view is that that the effects of the tightening cycle should have been felt by now, and since the economy remains resilient, this is building evidence of a soft landing. Is this possible? Sure. Is it likely? We don't think so. Our thesis has been quite simple...history shows us that hard landings are difficult to avoid after aggressive tightening cycles. This will lead to a cut in earnings as well as the market multiple.

If you asked us a year ago, we would have thought this would have happened by now. In hindsight, we may have underestimated the power of excess savings built through the pandemic, exacerbated by fiscal stimulus and a pent up spending impulse (covid revenge spend). Use me as an example...I was willing to pay materially inflated prices to take an overseas vacation this Summer after a 3 year hiatus. Would I do this next year? Likely not.

Although the consumer remains resilient, we see risk of a slowdown and we don't like the setup from here. Delinquencies are rising, as the savings cushion erodes, student loan payments kick back in, and energy prices lift. Layer on the risk of job uncertainty and rising mortgage rates, and we could foresee the consumer weakening materially in Q4 and into 2024. In our view, this will infect the housing market which has been at a recent standstill as homeowners are unwilling to sell and lock in to a higher rate mortgage. Ultimately, this decision may be forced on them if the economy slows and triggers a negative feedback loop.

Fund Update

Our exposure levels remain low, both on a net and gross basis. This allowed us to return a positive month, in the face of a down tape. Our Energy exposure benefited this month, with our long held Uranium holdings starting to pick up momentum. Despite our cautious top down outlook, we continue to find opportunistic trading opportunities and are constantly looking for undervalued businesses that we can hold through a downturn.

One such name is Pollard Banknote (PBL) which is one of the largest producers of lottery tickets in the world. This is a recession resistant, family owned business, that has been around for decades. This checks many boxes for us - leading

market positioning, high FCF profile, high insider ownership, and prudent capital allocation. The company faced cost pressures through covid, but are now starting to see the benefits of pricing offsets that will continue to improve margins for the near/mid term.

Thank you for your continued interest in the Fund.

Sincerely,

Chung Kim

Portfolio Manager

Arrow Capital Management Inc.

| Historical Performance | 1 yr | 3 yr | 5 yr | ITD |
|---------------------------------|------|------|------|------|
| Exemplar Performance Fund Ser F | 0.78 | 7.02 | 7.00 | 7.61 |

Returns as of August 31, 2023

Commissions, trailing commissions, management and performance fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The rates of return are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values or returns on investment in an investment fund.

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The comparison presented is intended to illustrate the historical performance of Exemplar Performance Fund (the “Fund”) as compared with the historical performance of a widely quoted market index or a weighted blend of widely quoted market indices or other investments. There are various important differences that may exist between the Fund and the stated indices or other investments that may affect the performance of each. The objectives and strategies of the Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices. Certain statements contained in this communication are based in whole or in part on information provided by third parties and Arrow Capital Management has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

More information about the Fund can be found on our website www.arrow-capital.com. Published September 2023.