



MANAGEMENT REPORT OF FUND PERFORMANCE

ARCS OF FIRE TACTICAL BALANCED FUND



For the six months ended April 30, 2018

MANAGEMENT REPORT OF FUND PERFORMANCE

ARCS OF FIRE TACTICAL BALANCED FUND

This interim management report of fund performance contains financial highlights but does not contain the interim financial statements of the investment fund. You can get a copy of the Fund's financial statements at your request, and at no cost, by calling toll free (877) 531-9355, by writing us at 1850, 333 – 7th Avenue SW in Calgary, Alberta T2P 2Z1 or by visiting our website at www.norrep.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

RESULTS OF OPERATIONS

The Fund has seen only modest in-flows. The investments in the Fund remains at a level that is not too much higher than its initial seed capital and the individual large investment from parties related to the Funds sales and management team.

The Fund profile remains in keeping with the Fund's specified mandate. There has been very little trading in the Fund over the past six months.

The Fund holds 64.6% in equity investments split between Canada and the U.S. The balance of the Fund, 27.3%, is held in a short maturity fixed income ETF, with 8% in cash and equivalents. The Fund has also invested 20% of its overall assets in companies that provide services to the defense industry.

The investments remain in a profile directly associated with the Fund's asset range targets. The fixed income is marginally elevated from the expected long-term average to mitigate the risks of continuing equity market volatility and the potential for lower equity market value in the near term.

Overall, NAV volatility has been lowered and higher interest rate risk reduced by owning shorter maturity fixed income.

For the six months ended April 30, 2018, the Fund earned dividend and interest income amounting to \$5,588 and \$1,269, respectively. The change in unrealized depreciation in current value of investments was a decrease of \$7,020 and the realized loss on investments was \$884. Management fees of \$4,124 were incurred. General and administrative costs of \$58,083, with an operating expense recovery of \$55,707, related to the operations of the Fund, and withholding tax expense of \$259 were also incurred. As a result of the above, the decrease in net assets attributable to holders of redeemable units was \$7,806. Net assets attributable to holders of redeemable units at the beginning of the period were \$447,079. Proceeds from the sale of units were \$165,098. By April 30, 2018, the Fund had net assets attributable to holders of redeemable units of \$604,371.

RECENT DEVELOPMENTS

Effective November 1, 2017, the Fund adopted IFRS 9 Financial Instruments. The new standard requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Assessment and decision on the business model approach used is an accounting judgement.

Upon transition to IFRS 9, the Fund's financial assets and financial liabilities that were classified as fair value through profit and loss (FVTPL) under IAS 39 continued to be categorized as fair value through profit and

RECENT DEVELOPMENTS (continued)

loss. There were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

Under IFRS 9, derivatives are classified as FVTPL like other financial assets and liabilities, so there is no requirement to present separately the different component amounts on the Statement of Comprehensive Income as they fall within the same classification; this is a change from the requirement under IAS 39 where derivatives were classified as Held for Trading.

However, Canadian Security Administrators (“CSA”) regulatory requirements under NI 81-106 prescribe the individual line items that are required to be disclosed which includes separate disclosure for derivatives.

RELATED PARTY TRANSACTIONS

The Promoter (Arcs of Fire Investment Inc.) has agreed to absorb certain expenses associated with the Fund in the amount of \$55,707.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund's Series A units and are intended to help you understand the Fund's financial performance for the period indicated. This information is derived from the Fund's audited period-end financial statements and unaudited interim financial statements.

Net asset value (NAV) per unit⁽¹⁾⁽⁴⁾– Series A	2018	2017
Net Asset Value, beginning of period	\$25.36	\$25.00
Increase (decrease) from operations:		
Total revenue	0.33	0.02
Total expenses	(0.39)	(0.01)
Realized gains (losses) for the period	(0.04)	0.05
Unrealized gains (losses) for the period	(0.40)	0.36
Total increase (decrease) from operations	(0.50)	0.42
Distributions:		
From income	Nil	Nil
From dividends	Nil	Nil
From capital gains	Nil	Nil
Total distributions ⁽²⁾	Nil	Nil
Net Asset Value, end of period ⁽³⁾	\$25.01	\$25.36

(1) This information is provided as at April 30, 2018 and October 31 for the preceding period presented in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are reinvested in additional units or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

(4) The Series A commenced operations on October 17, 2017.

Ratios and Supplemental Data – Series A⁽¹⁾⁽⁵⁾	2018	2017
Net Assets (000's of \$)	349	218
Number of units outstanding	13,964	8,608
Management expense ratio (MER) ⁽²⁾	2.74%	2.75%
MER before waivers or absorptions ⁽²⁾	13.05%	7.09%
Portfolio turnover rate ⁽³⁾	2.02%	-
Trading expense ratio ⁽⁴⁾	0.24%	0.50%
TER before waivers or absorption ⁽⁴⁾	0.24%	8.95%

(1) This information is provided as at April 30, 2018 and October 31 for the preceding period presented in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

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

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(5) The Series A commenced operations on October 17, 2017.

FINANCIAL HIGHLIGHTS (continued)

The following tables show selected key financial information about the Fund's Series F units and are intended to help you understand the Fund's financial performance for the period indicated. This information is derived from the Fund's audited period-end financial statements and unaudited interim financial statements.

Net asset value (NAV) per unit⁽¹⁾⁽⁴⁾ – Series F	2018	2017
Net Asset Value, beginning of period	\$25.37	\$25.00
Increase (decrease) from operations:		
Total revenue	0.32	0.02
Total expenses	(0.24)	(0.03)
Realized gains (losses) for the period	(0.04)	0.05
Unrealized gains (losses) for the period	(0.26)	0.38
Total increase (decrease) from operations	(0.22)	0.42
Distributions:		
From income	Nil	Nil
From dividends	Nil	Nil
From capital gains	Nil	Nil
Total distributions ⁽²⁾	Nil	Nil
Net Asset Value, end of period ⁽³⁾	\$25.16	\$25.37

(1) This information is provided as at April 30, 2018 and October 31 for the preceding period presented in accordance with International Financial Reporting Standards.

(2) Distributions, if any, are reinvested in additional units or paid in cash when requested.

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. Due to the different methods of calculating individual components of the table, the sum of the individual components will not necessarily equal the ending net asset value.

(4) The Series F commenced operations on October 17, 2017.

Ratios and Supplemental Data – Series F⁽¹⁾⁽⁵⁾	2018	2017
Net Assets (000's of \$)	255	229
Number of units outstanding	10,139	9,018
Management expense ratio (MER) ⁽²⁾	1.62%	1.63%
MER before waivers or absorptions ⁽²⁾	11.93%	5.96%
Portfolio turnover rate ⁽³⁾	2.02%	-
Trading expense ratio ⁽⁴⁾	0.24%	0.50%
TER before waivers or absorption ⁽⁴⁾	0.24%	8.95%

(1) This information is provided as at April 30, 2018 and October 31 for the preceding period presented in accordance with International Financial Reporting Standards.

(2) Management expense ratio (MER) is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value of the period.

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

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(5) The Series F commenced operations on October 17, 2017.

MANAGEMENT AND ADVISORY FEES

The Fund pays an annual management and advisory fee of 2.0% for Series A and 1% for Series F, multiplied by the series net asset value of the Fund, to Norrep, the Fund's Manager and allocated amongst the Manager, Portfolio Manager and Promoter. The management fee is calculated and paid monthly. No management fee is charged to the Series I; instead, the investors pay a management fee directly to the Manager, in an amount determined through negotiation with the Manager. For the period ended April 30, 2018, management fees amounted to \$4,124. Norrep paid servicing commissions of \$1,346 (i.e. 32.64%) from these management fees to investment dealers. Norrep also received fees for administrative services.

PAST PERFORMANCE

No performance data is available as the Fund has not been distributed under a simplified prospectus for 12 consecutive months.

PERIOD-BY-PERIOD RETURNS

No performance data is available as the Fund has not been distributed under a simplified prospectus for 12 consecutive months.

SUMMARY OF INVESTMENT PORTFOLIO

The following investments were held by the Fund as at April 30, 2018:

Investments	Percent of net assets
Vanguard Canadian Short-Term Bond Index ETF	25.4%
International Business Machines Corp.	4.8%
Rogers Communications Inc., Class 'B'	4.1%
General Dynamics Corp.	4.1%
Maxar Technologies Ltd.	3.9%
Magellan Aerospace Corp.	3.6%
HealthSouth Corp.	3.5%
Bank of Nova Scotia	3.3%
United Technologies Corp.	3.3%
Cisco Systems Inc.	3.3%
Canadian Tire Corp. Ltd., Class 'A'	3.2%
BCE Inc.	3.1%
Toronto-Dominion Bank (The)	3.1%
CAE Inc.	3.0%
BRP Inc.	3.0%
Suncor Energy Inc.	2.7%
Deere & Co.	2.6%
Imperial Oil Ltd.	2.4%
General Mills Inc.	2.2%
Extencicare Inc.	2.2%
iShares Canadian Short Term Bond Index ETF	2.0%
Tupperware Corp.	1.8%
Philip Morris International Inc.	1.4%
Total Securities	92.0%
Other	
Cash	2.5%
Other assets – net of liabilities	5.5%
Total net asset value	100.0%

Industry Sectors

Energy	5.1%
Industrials	20.5%
Consumer Discretionary	8.0%
Consumer Staples	3.6%
Health Care	5.7%
Financials	6.4%
Information Technology	8.1%
Telecommunication Services	7.2%
Bonds	27.4%
Other	8.0%
Total	100.0%

The investments held by the Fund change due to ongoing portfolio transactions. A revised summary is posted on our website at www.norrep.com no later than 60 days after each quarter end.

OTHER MATERIAL INFORMATION

The simplified prospectus and all other Fund related materials can be obtained by calling us toll-free at (877) 531-9355, by writing to us at 1850, 333 – 7th Avenue SW, Calgary, AB T2P 2Z1, or on our website at www.norrep.com.

THIS PAGE LEFT INTENTIONALLY BLANK

THIS PAGE LEFT INTENTIONALLY BLANK

THIS PAGE LEFT INTENTIONALLY BLANK



Dome Tower, TD Square
Suite 1850, 333-7th Avenue S.W.
Calgary, Alberta T2P 2Z1

norrep.com
1.877.431.1407