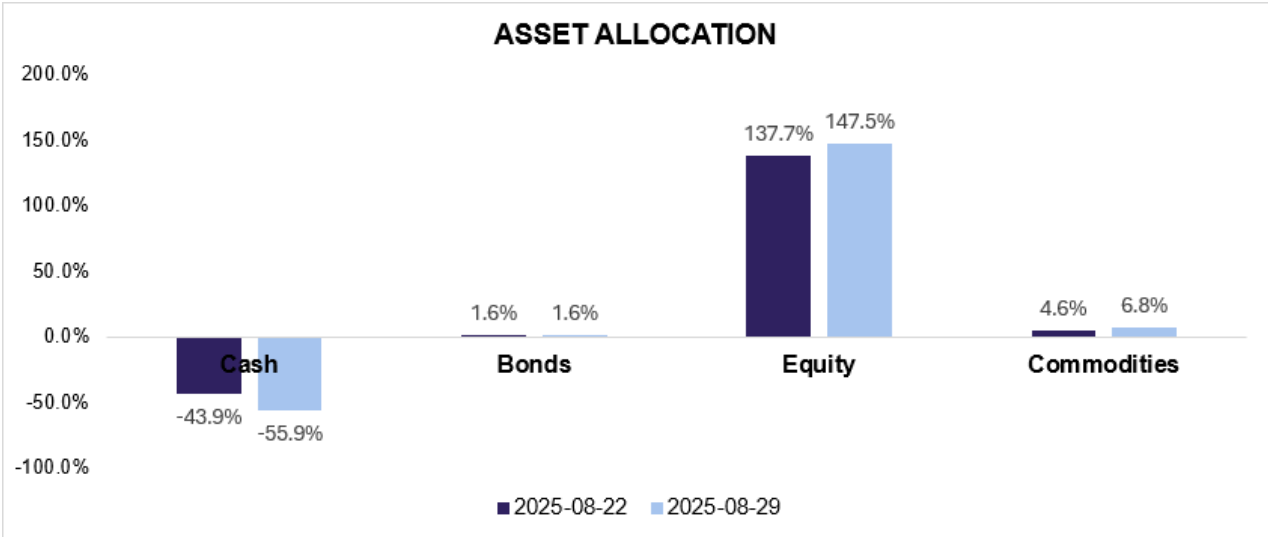


ARROW LONG/SHORT ALTERNATIVE FUND

commentary - Week ending August 29, 2025



Weekly performance, macro context, current positioning, and future expectations.

Performance

August 29, 2025

Arrow Long/Short Alternative Fund (Series F):

WTD 0.17%
MTD 3.38%
YTD 1.73%

S&P TSX Composite

WTD 0.87%
MTD 4.96%
YTD 17.59%

S&P 500:

WTD -0.08%
MTD 2.03%
YTD 10.79%

Fund Commentary

US equity markets edged lower by week’s end after some midweek strength gave way to a Friday pullback. The SPY slipped back below record highs, and major indices posted modest weekly declines. While NVDA’s quarterly earnings report was mostly in line, shares were weaker on Friday along with other semiconductor companies.

As we closed out the month of August, the most notable development was the outperformance of IWM relative to the QQQs. IWM outperformed by ~6%—the best month for small caps since November 2024, following Trump’s election victory. We have previously called out the rotation that has been occurring in the market over the past few weeks, as rate cut optimism has led investors to scale out of larger-cap names into lagging, more cyclical pockets of the market. Despite this rotation, safe havens like gold continue to be well bid, with the precious metal almost finishing the month at an all-time high.

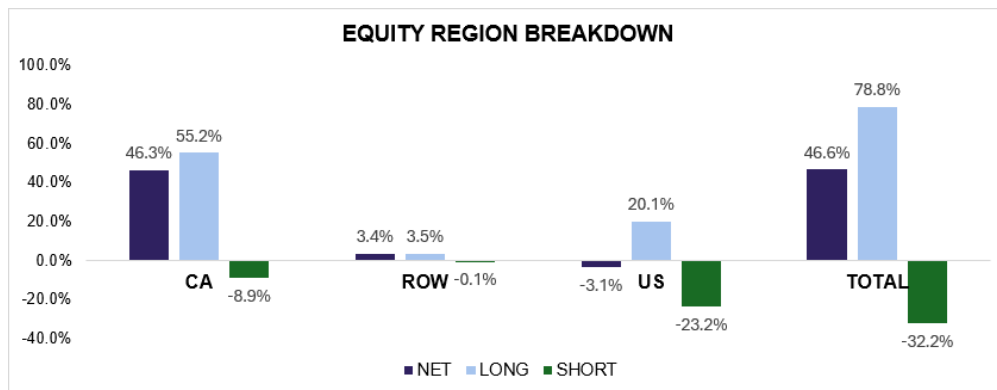
As we move into September, negative seasonality starts to come into play. Although we are typically not huge fans of trading seasonality, the setup this year looks more unfavorable. Markets are up 30% from the April lows, and although the economy and inflation have been better than feared, we are by no means confident that we are out of the woods. We continue to worry about a stagflationary setup, and markets have grown increasingly complacent over the Summer. We continue to have a defensive slant, with barbelled exposure to commodities that look to be re-emerging after many years of underperformance.

For those that didn't get a chance to see Howard Marks' August letter, it articulately surmises the current setup. As always, the entire letter is super insightful, but his current market views start on Page 6 - "Getting Up to Date". The net/net of it is that valuations and investor behavior is starting to get 'worrisome'. Clearly, its almost impossible to call tops and bottoms, but the point is the risk/reward proposition has become less favorable. One food for thought snippet - he flags a note from JP Morgan at the end of '24 showing that "if you bought the S&P500 index at 23x earnings from 1987-2014, your average annual return over the subsequent ten years was between 2% and minus 2% every time." We continue to trade at such elevated levels. [Read Howard Marks' August Letter here.](#)

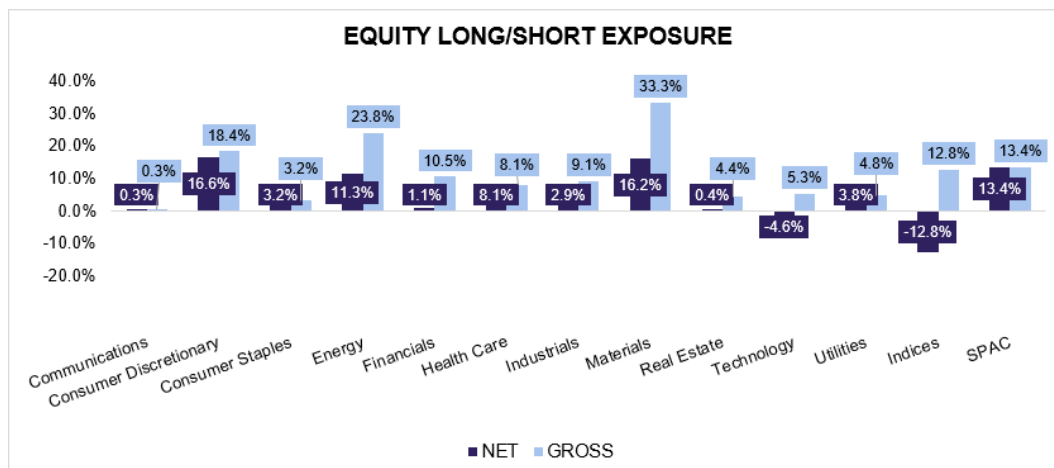
Looking ahead to this week, it will be a shortened one in both Canada and the US as markets were closed on Monday for Labour Day. The focal point will be critical jobs data from the US, including ADP and NFP, which will be highly scrutinized. Recall that after the last jobs report, Trump fired the BLS Commissioner following a weak report that triggered market volatility. There have since been proposals to suspend the monthly job reports in favor of quarterly updates to increase accuracy, but no decision has been made.

We hope everyone had a safe and happy long weekend!

Equity Allocation (% Total Portfolio including Futures)



Sector Exposures (% Long / Short Portfolio of individual companies)



We look forward to reporting back next week.

Thanks,
Arrow Investment Team

Historical Performance – As of August 31, 2025

	1-Year	3-Year	5-Year	10-Year
ALSAF - Series F	8.28%	4.06%	9.34%	7.17%

Published September 2, 2025

Effective June 25, 2024 Arrow Long/Short Alternative Class was merged into Arrow Long/Short Alternative Fund as part of the corporate class fund merger. Effective June 15, 2023, the Fund was renamed Arrow Long/Short Alternative Class (formerly Arrow Canadian Advantage Alternative Class).

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 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.

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