

Risk appetite returned with a vengeance in April as the announcement of a Middle East ceasefire drove early month optimism. The rally continued with a strong start to earnings season and a rotation back into AI-related equities following a months-long price correction. The rally proved shockingly resilient even after negotiations stalled in the Middle East and oil prices remained elevated given the Strait of Hormuz remained closed. By month end, U.S. equities (S&P 500) had rallied 10.4% to new highs and Canadian equities (TSX Composite) rallied 3.7%. Both the Fed and BoC left rates unchanged in April citing elevated inflation and economic uncertainty driven by geopolitical conflict, energy prices and continued trade disputes.

Interest rates rose on both sides of the border as higher energy prices drove inflationary concerns and stronger than expected economic data reduced the chances of additional rate cuts. US Treasury yields rose 9–10bps across the curve (+10bps in 10yrs) and Gov't of Canada yields rose 5–15bps across the curve (+10bps in 10yrs).

Credit spreads tightened in April, partially reversing March's widening. LQD (U.S. IG) returned +0.28% despite the +10bp 10yr move, with U.S. IG spreads tightening 6bps. XCB (Cdn IG) delivered a similar outcome, returning +0.60%. High yield was the standout: HYG returned +1.52%, with US HY tightening 40bps as risk appetite recovered. The investment team's March discipline — adding selectively into widening spreads at attractive entry levels — proved well timed for the subsequent rally.

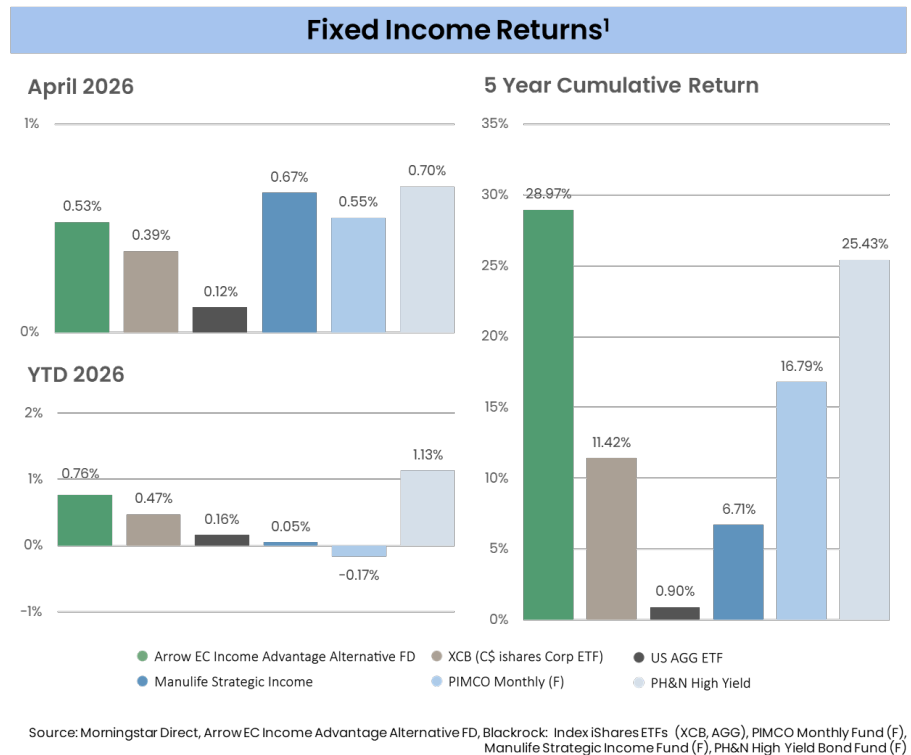
Rather than seeking to maximize returns in this low spread (yield) and low risk premium environment, the portfolio managers have remained focused on investment quality. The investment team's disciplined approach through a highly volatile start to 2026 has supported capital preservation and relative outperformance (as highlighted in the chart above).

The East Coast strategy is focused on maximizing risk-adjusted returns for investors; the objective is to produce strong, consistent returns while controlling downside risk and volatility. The strategy's performance profile has been notable not only for its absolute return generation (shown above), but also for the quality and consistency of those returns.

Compared with relevant indices and peers, the fund has produced:

- Higher returns (absolute and cumulative)
- Fewer losing months
- Greater consistency of positive performance

“Consistency is King”. The value of compounding is driven by consistency and the benefit to investors is significant. Over time, compounding is influenced not only by average returns, but also by the path of returns and the management of downside volatility. A strategy that can participate meaningfully in upside environments while limiting the frequency and severity of losses can create a more durable long-term return profile. The objective is not simply to maximize returns in isolated periods, but to generate attractive risk-adjusted performance across market cycles with a repeatable and



disciplined process.

Looking ahead, the team expects volatility will continue to persist as markets process shifting Central bank policy, still-elevated inflation and continued geopolitical risks. The portfolio remains well positioned and the investment team aims to maximize risk-adjusted returns and deliver a consistent return stream for investors.

As always, we welcome any questions or comments you may have for our team.

Thank you,  
The East Coast Team

Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
Arrow EC Income Advantage Alternative Ser FD	4.12	6.59	5.22	5.29	4.10

Returns as of April 30, 2026

<sup>1</sup>Source: Morningstar Direct: Arrow EC Income Advantage Alternative (Series FD), iShares Core Canadian Corporate Bond Index ETF (XCB), iShares U.S. Aggregate Bond Index ETF (AGG), PIMCO Monthly Fund (F), Manulife Strategic Income Fund (F), PH&N High Yield Bond Fund (F).

The inception date of the Arrow EC Income Advantage Alternative Fund (formerly East Coast Investment Grade Income Fund) was April 26, 2012. On June 26, 2020, the East Coast Investment Grade Income Fund (TSX: ECF.UN) was converted from a closed end fund into an open-end alternative mutual fund, renamed Arrow EC Income Advantage Alternative Fund and delisted from the TSX. Details of the conversion are outlined in the information circular which is available at [www.sedar.com](http://www.sedar.com). Unitholders of Fund had their units redesignated as Series FD Units.

Commissions, trailing commissions, management and performance fees and expenses all may be associated with mutual fund and exchange-traded fund (ETF) investments. Please read the prospectus and Fund Facts for Arrow EC Income Advantage Alternative Fund carefully before investing before investing. Unless otherwise indicated, 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 and ETFs are not guaranteed, their values change frequently and past performance may not be repeated. You will usually pay brokerage fees to your dealer if you purchase or sell securities of an ETF on recognized Canadian exchanges. If the securities are purchased or sold on these Canadian exchanges, investors may pay more than the current net asset value when buying securities of the ETF and may receive less than the current net asset value when selling them.

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 Arrow EC Income Advantage Alternative Fund as compared with the historical performance of a widely quoted market index or a weighted blend of widely quoted market indices or other investment funds. There are various important differences that may exist between the Fund and the stated indices or other investment funds 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. Published May 2026.