

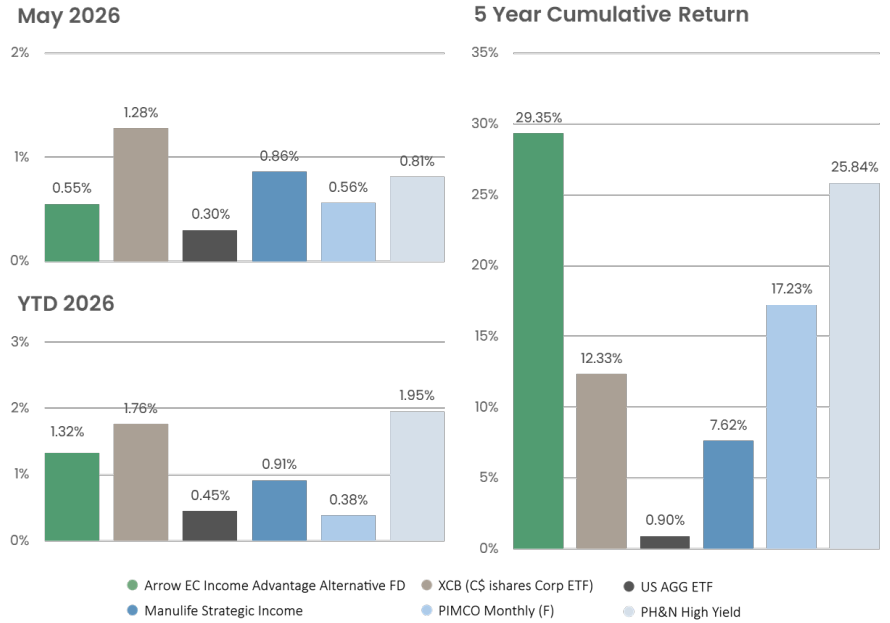
Energy set the tone in May, as growing optimism that a U.S.-Iran ceasefire could lead to the reopening of the Strait of Hormuz sent oil prices sharply lower. Brent crude fell about 19%, its worst month since early 2020. While falling energy prices helped the macro backdrop for equities, AI remained the dominant force driving markets higher. U.S. stocks (S&P 500) hit new records, up 5.3%, and Canadian stocks (TSX Comp) rose 2.4%. None of the major central banks met in May, having all left interest rates unchanged in late April.

Interest rates moved in opposite directions across the border. In the U.S., stronger-than-expected inflation (consumer prices up 3.8%) and a firm economy pushed bond yields higher, and investors began to bet the Federal Reserve's next move could be a rate increase rather than a cut. In Canada, softer growth and benign inflation did the reverse, pulling government bond yields lower as markets priced rate cuts before year end. Currently, Canada has 1-2 cuts priced by year end while US has zero cuts priced.

Corporate credit spreads rallied as increased corporate bond demand combined with limited new issuance (supply) and a wave of credit-rating upgrades. High quality investment grade (IG) credit spreads rallied 3bps in Canada and 6bps in the US, where IG spreads hit multi-decade tightness (most expensive levels).

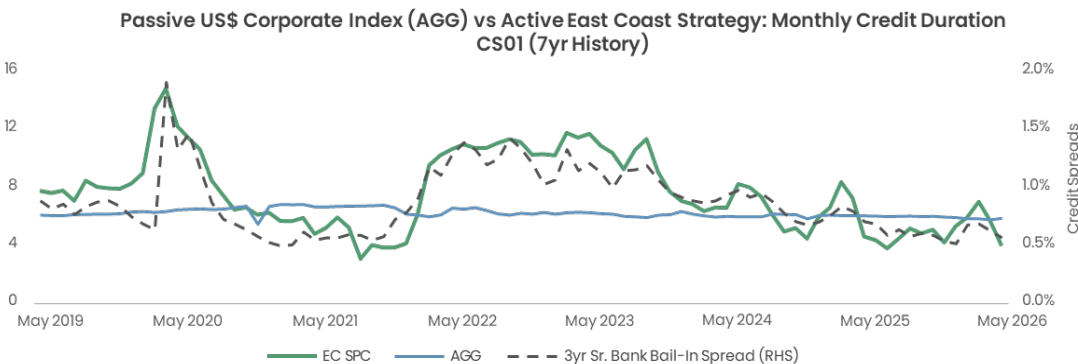
The investment team structures the portfolio to give investors greater exposure to credit (more risk) when spreads are wide and attractively priced. In more expensive environments (tighter spreads), like the current one, the team reduces overall credit (risk) exposure, shortens maturity and upgrades the credit quality. Increased liquidity and higher credit quality aim to protect investors when spreads weaken and revert to the historical average.

### Fixed Income Returns<sup>1</sup>



Source: Morningstar Direct, Arrow EC Income Advantage Alternative FD, Blackrock: Index iShares ETFs (XCB, AGG), PIMCO Monthly Fund (F), Manulife Strategic Income Fund (F), PH&N High Yield Bond Fund (F)

### Active Mandate Maximizes Opportunity



The chart to the left illustrates the strategy's active portfolio management by comparing the credit duration of a passive bond index (the iShares Core US Aggregate Bond ETF Index, AGG) to the active East Coast strategy credit duration (represented by the green line). Currently, the strategy is defensively positioned with a lower duration, or risk exposure, than the AGG index.

Rather than chase returns when the reward for taking risk is this small, the investment team has remained focused on higher-quality, shorter-dated exposure. This approach has helped protect capital and deliver consistent results, even during volatile market environments.

Looking ahead, the team expects markets to remain volatile as investors assess the outlook for inflation and economic growth, the path of central bank policy, and ongoing geopolitical developments. The fund remains well positioned to capitalize on opportunities should bond valuations become more attractive and risk premiums widen, while continuing to focus on delivering low-volatility, consistent returns 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	3.60	6.58	5.28	5.38	4.12

Returns as of May 31, 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 June 2026.