Arrow Capital
MANAGEMENT INC.

Experience. Active Management.

NR CONSERVATIVE GROWTH FUND LP

MARCH 2022

Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
NR Conservative Growth Fund LP	34.91	18.47	10.17	9.37	9.60

Returns as of March 31, 2022

March was another solid month for the Conservative Growth LP. The fund rose 2.80% during March alongside gains across most equity markets for the month. This brought the 1-year return to +34.91%. The best returns this month came from the materials, consumer staple, and energy sectors, while technology and consumer discretionary stocks lagged the markets. The growth fund was led upwards by a number of our smaller cap energy holdings alongside a few special situations. Top performers for the month were International Petroleum and Quisitive, both of which rose more than 20% during the month on the back of some solid fundamental business progress.

RUSSIA-UKRAINE CONFLICT CONTINUES

The Russian invasion of the Ukraine continues to dominate the near-term news flow, although we are starting to see the western public experience some “fatigue” with the continuing onslaught of news and death coming from the war. But make no mistake the longer this war drags on the more meaningful the long-term effects will become. While most devastating obviously for the country of Ukraine, the stronger than expected economic sanction response coming from the west means the outlook for Russia is growing increasingly dim day by day as the country will become increasingly isolated from the global economy the longer President Putin decides to continue with his onslaught in Ukraine.

While we have already seen some large increases in the volatility in the prices of the commodities where the 3 combatants (Russia, Ukraine, Belarus) represent major components of global supply (oil, natural gas, potash, nickel, cobalt, titanium, wheat), the 3 countries are not large enough components of global GDP (Russia 3% of global GDP, Ukraine & Belarus are less than 0.2%) to derail the rest of the planet. The largest global effect that we touched on last week was the major potential impact a squeeze off of global oil and gas from Russia would have on energy prices, which in turn will have a cascading effect on almost any goods produced around the world, all of which have varying degrees of energy content embedded in the final price of those goods.

WHO ARE THE WINNER AND LOSERS?

An ongoing conflict, which appears increasingly likely, makes for both some regional and sectoral winners and losers in the global economy and stock markets. Europe is the most adversely effected as it is facing obstacles in the coming year due to not only its geographic closeness to the conflict, but also due to its substantial dependence on the Russians for energy which is likely to take a decade to change. The European continent (outside of oil exporting Norway) is likely to experience a serious drag in the short to medium-term until the war ends. Meanwhile energy exporters (such as Canada) and self-sufficient countries (such as the USA which is about 90% self-sufficient) are poised to navigate the muddy waters of an ongoing Ukrainian war fine.

From a sectorial perspective the obvious winners are the energy and materials spaces, as increasing sanctions are already cutting exports coming out of Russia and Belarus, since doing business with these international pariahs is increasingly coming under pressure. The defense sector also looks like it could be poised to experience a short to medium uptick in the rate of spending as many countries now are looking to ramp up defense spending as an unprecedented period of European peace comes to an end.

Meanwhile, the rising prices of an increasingly inflationary period could put a dent in consumer spending in the coming year and will likely put a damper on profit margins coming from consumer companies that until recently had been experiencing an unprecedented period of rising profitability. Along with the higher consumer prices, we are now starting to see interest rates rise more substantially than some had expected, which will likely cause a continued correction in the “go-go growth stocks” of the last several

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years, that have been driven to extremely high valuations by many momentum managers that abandoned any semblance of connecting between intrinsic economic value and stock prices. These stocks have been losing recently and will likely continue to struggle going forward.

HOW IS THE FUND POSITIONED FOR THIS LATEST DEVELOPMENT?

Fortunately, the growth fund is well positioned to do well in this rapidly changing environment we are seeing today. The fund's largest single sector exposure is energy, where we own a number of very profitable quality oil and gas producers with record strong balance sheets that just finished reporting record 4th quarter results. We have just finished an even better first quarter for this area of the market and these results will soon be coming to the market, with associated increasing dividend and stock buybacks to be announced. Yet despite the excellent results still to come, valuations are still at rock bottom levels in the midst of an overall market that is relatively expensive.

Outside of energy, the fund is also well placed by owning stocks that are generally not as sensitive to movements in the general economy, that have specific competitive advantages that enable the companies to take advantage of any weakness that may occur in the economy. The fund's disciplined strategy of only holding superior companies that trade at discounts to their intrinsic values is now paying off as we did not chase the go-go profitless growth companies that inspired so much media attention in the last few year and now populate many investors portfolios.

We look for the general markets to experience increasing volatility this year as a result of the Russian attack. We too may experience a bit of volatility, but given the fundamental outlook for the companies we own, even after considering Russia's moves, we are posed to profit in the coming periods.

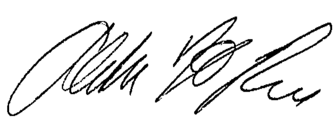
ADDITIONAL INSIDER BUYING IN MARCH

March continued to see insider buying at a number of our portfolio holdings. During the month, we saw corporate insiders at ECN Capital, Kelt Exploration, Tourmaline Oil, Tamarack Valley, and Profound Medical buying stock in their own companies as they see the same substantial upside opportunity that we do. Buying of stock by insiders at our companies is just one more point of support for the value opportunity of our holdings, as these are the very people that know their businesses best.

April 30th… Next LP Closing

The next closing for the NR Conservative Growth Fund LP is April 30th, 2022. Please feel free to contact Daria Krikun at 416-364-8591 or Aaron Sniderman at 416-847-3979 for more information or to set up an appointment, or call 416-323-0477 to speak with any one of us directly concerning the Conservative Growth LP. Our toll free number is 1-877-327-6048.

Warmest regards,



Alex Ruus, CFA, MBA, P. Eng

Portfolio Manager
Arrow Capital Management Inc.

Commissions, trailing commissions, management fees, performance fees, and expenses all may be associated with investment funds. Please read the offering memorandum before investing. Any indicated rates of return are the simple returns (YTD, 1 mo, 3 mo, 6 mo) or the historical annual compounded total returns (1 yr, 3 yr and since inception). All returns are net of fees but do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. The Northern Rivers Global Energy Fund LP and the Northern Rivers Conservative Growth Fund LP invest primarily in North American equities.

Geographic and sector allocations may vary significantly over time. The funds tend to follow a relatively concentrated investment approach where the manager may overweight selected core holdings and industry sectors such as energy or financial services in which the manager has particular conviction and/or specialized expertise. The funds may engage in short selling and may also use specified derivatives, such as calls and puts, warrants, index futures and exchange traded funds. This may result in portfolio weightings and investment performance being substantially different from that of the S&P/TSX Composite, S&P 500 or other market indices.

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Insider Buying

Unsurprisingly, with the market down as much as it was in March, we saw another round of insider buying in a number of our portfolio holdings. Insider buying was seen at our holding of ECN Capital, Tricon Capital, Russel Metals, Canwell Building Materials, Enbridge, Element Fleet, and Freehold Royalties. Obviously, the insiders at these companies, who should understand the values of the companies best, also see the same undervalued opportunities that we see in these great holdings. Additionally, given what I believe was an unjustified pullback in the Conservative Growth valuation recently, I am taking the opportunity to once again add to my holdings in the fund as I believe the valuation in the fund is extremely compelling and it is a good opportunity to add as the appreciation potential is even more compelling after this month's fall.

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Warmest regards,

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