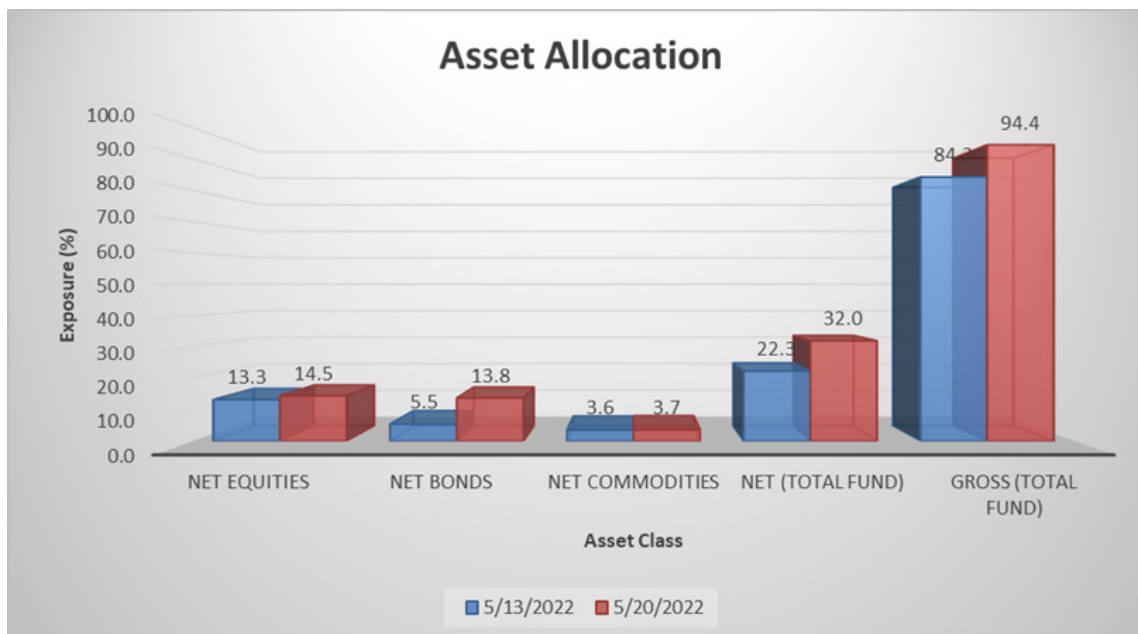


ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

Week ending May 20, 2022



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

Performance

Week of May 20th, 2022

Arrow Canadian Advantage Alternative Class (F Class):

WTD 0.12%

MTD -0.77%

YTD 2.49%

S&P TSX Composite:

WTD 0.49%

MTD -2.72%

YTD -4.83%

S&P 500:

WTD -3.05%

MTD -5.58%

YTD -18.14%

Fund Commentary

The Fund had a small gain on the week versus another loss for the S&P500 – the S&P TSX continued its strong out-performance versus all other major equity markets. The source of strength lies in the resilient energy equity markets. Evidence continues to favour our view of a slowing global economy (and the resultant rate of change falls in corporate profits) and a better tone to government bonds on the back of weaker economic data (5/10 yr breakevens down 10% over the past month) as well. Fed Chair Powell suggested/stressed again in the WSJ interview that inflation killing is job #1 and they will not stop until there is “clear evidence” that it is coming down. If you believe him, then we will get the two 50 bps rate hikes in June and July. It was interesting to hear FED hawk Bullard on Friday afternoon talk about rate cuts in 2023 – the market took that very positively but anyone will tell you this is already priced in the Euro-dollar curve – so just more blah blah – but the sheep (or the algos) got all bulled up on it. Our view is Powell stays the course and that the FED put is much lower.

In terms of our models, we continue to forecast falling inflation and GDP in the US for the balance of the year. That being said, after 7 weeks of falling equity markets we have decided to lighten up on equity shorts and position ourselves more neutral equities. The USD seems to have found a short term peak and any weakness could trigger a relief rally. If you tuned into our webcast last week, we suggested that equities will remain under pressure until the FED pivots (we expect in the fall). Corporate earnings estimates for the S&P 500 are far too high in our view and while we have had a multiple contraction, we will now get the broader earnings weakness (retail reports last week were just ugly). Remember just because a stock's multiple is down does not make it cheap.

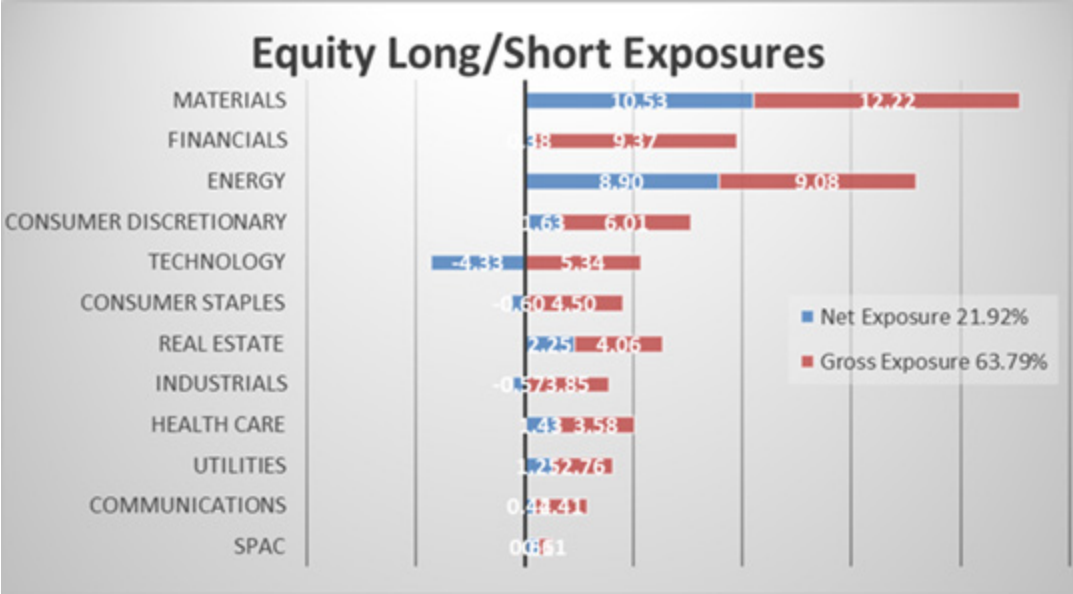
In Canada, April CPI came out last week and continued to accelerate - the highest since 1991. Similar to Fed, Bank of Canada doesn't seem willing to step back until there's a clear sign that inflation will ease below 4% level by the end of this year. Currently there are approx. another 8 hikes priced in despite the fact that the Canadian economy is expected to slow into 2023 at a faster rate than the U.S. economy. Although the unemployment rate continued to trend down, there are signs that purchasing power has been deteriorating in Canada. We expect consumers to continue to weaken in the face of the hot inflation, tighter financial conditions and a record high debt/disposable income ratio.

Geographic Equity Exposures (% Total Portfolio including Futures)

ASSET ALLOCATION	NET	GROSS	LONG	SHORT
Canada	9.2	44.1	26.6	-17.5
US	3.6	29.9	16.8	-13.2
Rest of World	1.8	2.9	2.3	-0.6
Equities Total	14.5	76.9	45.7	-31.2
Bonds	13.8	13.8	13.8	0.00
Commodities	3.7	3.7	3.7	0.00
Total	31.9	94.4	63.2	-31.2

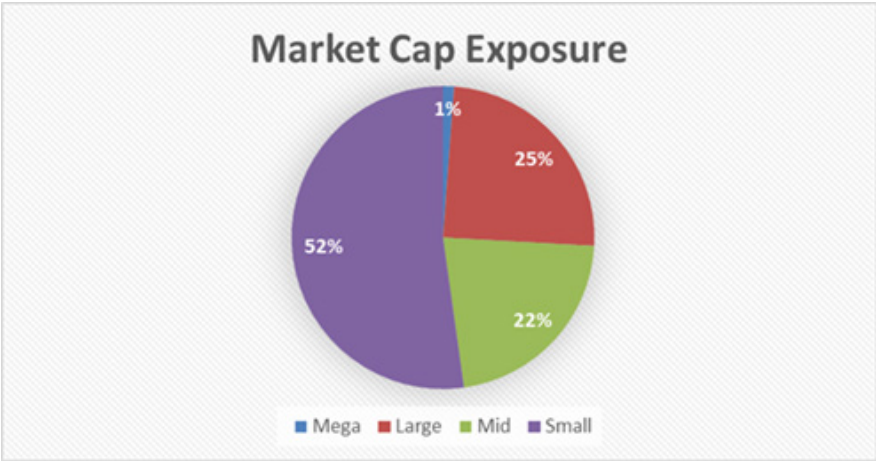
We continue to favour a defensive positioning in the Fund that has served us well so far this year. Net equity exposure was increased by 1.2% and net bond exposure was increased by 8.3%. Net commodity exposure was increased by 0.1%. Total fund gross exposure was increased by 10.2%. Total fund net exposure was increased by 9.6%.

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



No major shifts this week. Energy and materials are favoured while technology remains a net short exposure.

Market Cap Breakdown



No material changes in the market cap weightings.

FX Exposures:

FX EXPOSURE	%
CAD	67.7
USD	31.8
Other	0.6
DXY	-0.5
Total Fund	99.6%

As a reminder, we view foreign exchange as active “bets” that are used to either generate alpha or act as a hedge to the overall portfolio. The Fund’s reference currency (except for the USD class) is the Canadian dollar so any exposures other 100% Canadian dollars are considered “active” positions.

CAD was increased by 3%. USD was reduced by 2.6%. DXY short of -0.5% was added.

We look forward to reporting back next week.

Historical Performance – As of April 30, 2022

	1-Year	3-Year	5-Year	10-Year
ACAA - Series F	6.76%	17.10%	11.56%	10.88%

Published May 24, 2022.

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.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or construed as an endorsement or recommendation of any entity or security discussed. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

Certain statements in this document are forward-looking. Forward-looking statements (“FLS”) are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what Arrow Capital Management and the portfolio manager believe to be reasonable assumptions, neither Arrow Capital Management nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

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.

More information about the Fund can be found on our website www.arrow-capital.com.