

May 13th, 2022 Asset Allocation: Net exposures 7.4% bonds / 0.4% commodities / -9.3% equities / 42.9% gross (Total Fund) FX: 88.4% CAD, 10.4% USD, 0.1% JPY, 0% AUD, 0.1% EUR, 0.2% GBP

May 6th, 2022 Asset Allocation: Net exposures 5.4% bonds / -0.1% commodities / -10.7% equities / 50.7% gross (Total Fund) FX: 87.3% CAD, 11.5% USD, 0.1% JPY, 0% AUD, 0.1% EUR, 0.2% GBP

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

Performance

Week of May 13th, 2022

Arrow Global Advantage Alternative Class (F Class):

WTD 0.28%

MTD -0.06%

YTD -2.43%

MSCI ACWI:

WTD -2.25%

MTD -3.75%

YTD -16.64%

Global Market Summary

It was a very volatile week as S&P index volatility stayed above 30 and Nasdaq 100 index vol stayed above 40 until Friday. The US Dollar (DXY) was exceptionally strong while Crypto was crashing. Investors were running for safety as TerraUSD (UST) lost its peg with the U.S. dollar and Luna coin collapsed to zero. Some think this is worse than the dot com bubble - depends on where you see the valuation going - we expect more downside in the stock market.

On the economic front, April CPI came out last week, while both core and headline decelerated from March, both stayed strong and surprised 0.2ppts to the upside - headline CPI at +8.3%/y/y and core at +6.2%/y/y. It was a big print for the services components, namely airline fares and shelter, which both printed +19% y/y and +5.1% y/y, respectively. Shelter had the biggest impact on the CPI release, given the size of its contribution, and is becoming a closely followed piece given the inherent stickiness of those price increases. While the base case remains that inflationary pressures are slowly going to dissipate, the latest CPI report shows price pressures are broadening towards the stickier components of the inflation basket. This is certainly not great news for the stock market and has taken down the middle & back-end of the yield curve while the front-end hasn't moved much. Finally, U. of Michigan's consumer survey continued to deteriorate as the elevated inflation continues to squeeze consumers' real purchasing power. We have started to see profits deteriorating on the corporate side as well, especially those with less pricing power and a wider exposure to elevated raw material and labour costs.

We expect to see continued pressure on corporate profit as the major world economies started the tightening cycle - except for China. Unsurprisingly, April activity data in China plunged due to escalated Covid restrictions - total social financing was under half of what the consensus estimated - likely to see further easing as China maintains their "zero-case" policy. Will the supportive policy from China make a big difference to the rest of the world? Not likely! But, this could possibly make China a more interesting place to invest if/when both policy and economic growth have met the trough.

Summary Table
Economic Forecasts (Q2/2022 and Q3/2022)

Country	Q2 Outlook	Q3 Outlook
US	D	G
Canada	G	D
Eurozone	D	D
China	R	R
Japan	R	G

D= Deflation / G= Real Growth / R= Inflationary Growth / I = Inflation

Q2 in the US remains more in the Inflationary “I” zone in the first part (April / May) and then Deflationary “D” as base effects kick in for real.

Economic Weekly Update

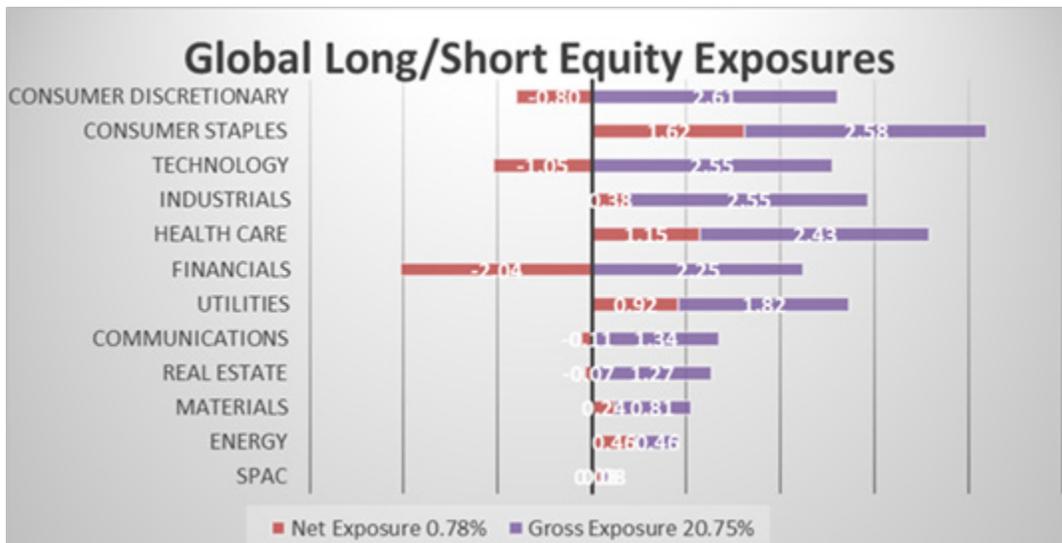
Below is a summary of the week and significant changes.



We have simplified the portfolio into 2 parts – a Global Long/Short part (individual securities) and a Global Macro part that focuses on liquid futures, ETF’s etc. across FX, Commodities, Fixed Income and Equities.

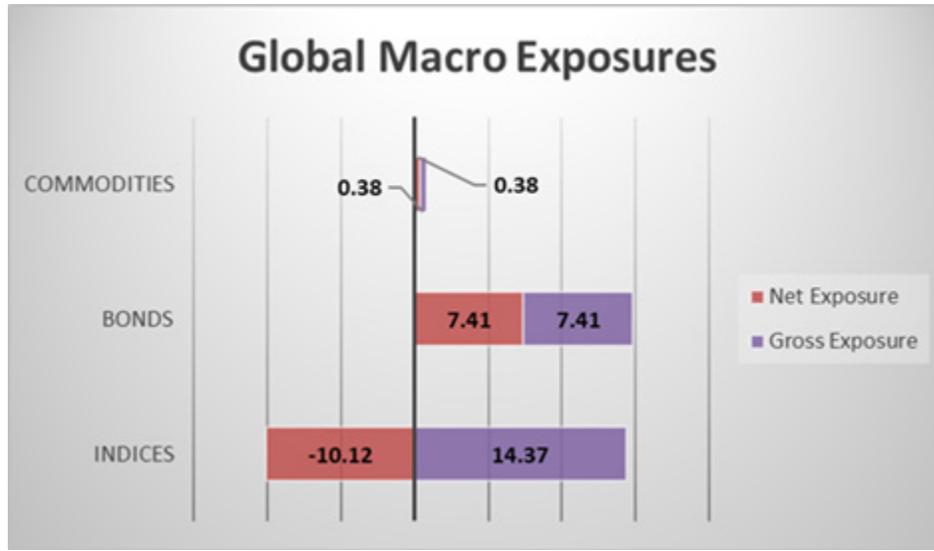
Summary of our current positioning:

1) Global Sector Exposures (Long / Short Portfolio of individual companies)



We made no substantial changes to our sector positioning this week. We continue to look for companies that provide a combination of strong fundamentals with relatively defensive end market exposure, that aren't crowded with investors. One name we like is PRGO. The company straddles the line between health care and consumer staples, which has resulted in very few covering analysts. We think there is a good chance the revenues are being modelled incorrectly. The catalyst for that to change is the spin-out of JNJ's consumer business this summer, which will be a good comparable for PRGO, and should garner some attention from the sell-side. PRGO is also benefitting from other fundamental tailwinds, one of which is a shortage of infant formula, as their private label brand is unaffected and poised to take share.

2) Global Macro Exposures



Commodities – Bullish Gold

We tactically reduced our gold position at the beginning of the week.

Bonds – Bullish Duration / Short Credit

We are slowly adding to our cash bond position and tactically trading futures at specific levels.

Equity Futures – Negative

We monetized some equity put spreads during the week and will be looking to roll down and out on some of our remaining put spreads.

Foreign Exchange Positions:

FX EXPOSURE	%
CAD	88.4
USD	10.4
Other	0.7
GBP	0.2
JPY	0.1
EUR	0.1
AUD	0.0
DXY	0.0
Total Fund	100.0%

FX – Bullish USD

We closed our tactical short CAD futures trade this week and are looking to re-establish the tactical short at more attractive levels.

We look forward to reporting back next week.

Historical Performance – As of Apr 29, 2022

	1-Year	3-Year	ITD
AGAA - Series F	-0.28%	5.43%	3.98%

Published May 16, 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.