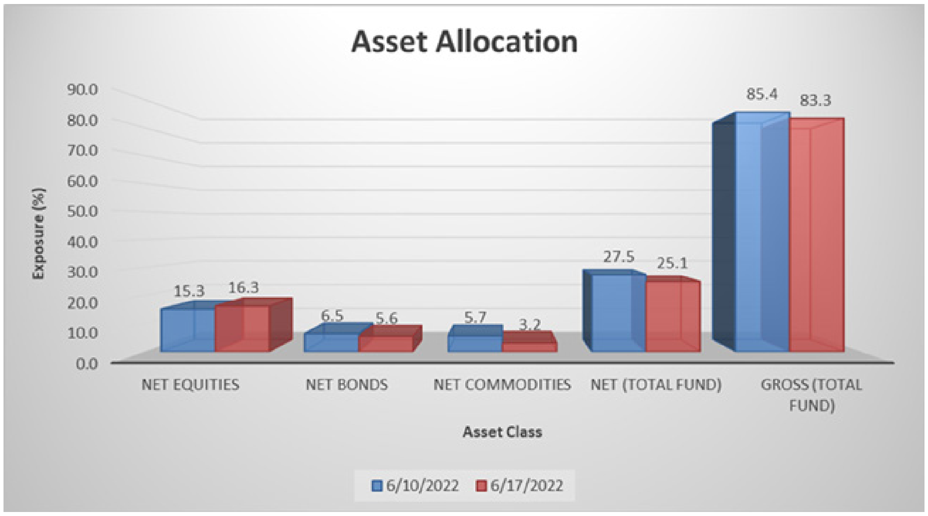


Monthly performance, macro context, current positioning and future expectations.

Performance
Week of June 17th, 2022

Arrow Canadian Advantage Alternative Class (F Class):
WTD -0.41%
MTD 0.10%
YTD 2.77%

S&P TSX Composite:
WTD -6.63%
MTD -8.68%
YTD -10.80%

S&P 500:
WTD -5.79%
MTD -11.07%
YTD -22.90%

Fund Commentary

The fund was down modestly on the week, but in the context of the SPX down 5.8% and TSX down 6.6%, it was a decent week. Our hedges and positioning continued to protect the portfolio's gains during spikes in volatility and market sell offs.

This was a wild week! The FED gave us a 75bps hike after the prior Friday's above expectations CPI print. Chair Powell was confusing - in the presser he said he did not see any signs of economic slowing and yet he signaled that the pace of hikes would be lower than the market expected i.e. will slow hikes somewhere close to the neutral rate (2.5% roughly) implying a slower path of overall hiking. A fork tongue of sorts? Anyways, this helped rally bond prices and helped longer duration assets (bonds, tech stocks etc.). We may see further strength this coming week but we are sellers into it (like everyone else!).

We had the chance to attend a conference held by one of our macro advisory firms that we use to help us execute our strategies this week in Toronto (nice to be doing face to face meetings again) - Piper Sandler (formerly Cornerstone Macro).

Chief strategist Michael Kantrowitz presented the following chart of losses in equities and the ongoing wealth destruction.

This is further compounded by losses in fixed income, housing (coming) or crypto.

Speaking of crypto, while we are not very active in trading this stuff, I must confess that it is very entertaining! I was thinking about Matt Damon and his "Fortune favors the brave" ads for crypto.com (is it just coincidence the Lakers did not make the playoffs after Forum got its name change?). As an old dude I might say to Damon with bitcoin under $20k now - "How do you like d'em apples"- but no - that is kicking someone when they are down. Crypto, while only a few trillion in "value" at its peak, is nevertheless a sign of the times as all forms of speculation get re-priced. The idea that you could "stake" your coin and get double digit returns was, as it turns out, a bunch of sh*t. The upside to all of this may be that those annoying gold ads - you know the ones with that silly Scottish accented guy - get cancelled now - they are a ton of BS as well.

One of the bigger items on the week was the large correction in oil and energy stocks. While economic growth is set to continue its fall, the structural supply issues remain - in fact we would argue they have gotten worse. One of the points raised by energy expert Jan Stuart was the deterioration in the Russian oil market as sanctions bite on both technical expertise and supplies. The Russians have started to play games with natural gas shipments /exports into Europe (claiming they want ruble payments). This led the German government to warn / ask its citizens to ration and be prepared for a cold winter. Nat gas storage is still woefully low in Europe and it is going to be a close call this winter. There have been rumours around that a "settlement" of sorts may be brewing on the Ukraine crisis (maybe that is what hurt oil prices this week?) - do you think the West will settle with a lunatic because gas/fuel prices are so high? Hope not. Speaking of that, President Biden was out brow beating the energy industry again - it was all clearly political rhetoric (he is not dumb) but it is sad that he thinks the electorate needs to hear it - the idea of a windfall profits tax is very very unlikely especially with the GOP ready to sweep the upcoming mid-terms. The industry provided plenty of suggestions but those are simply not politically viable at this time. We are likely to add to our energy positions this week but in a hedged manner.

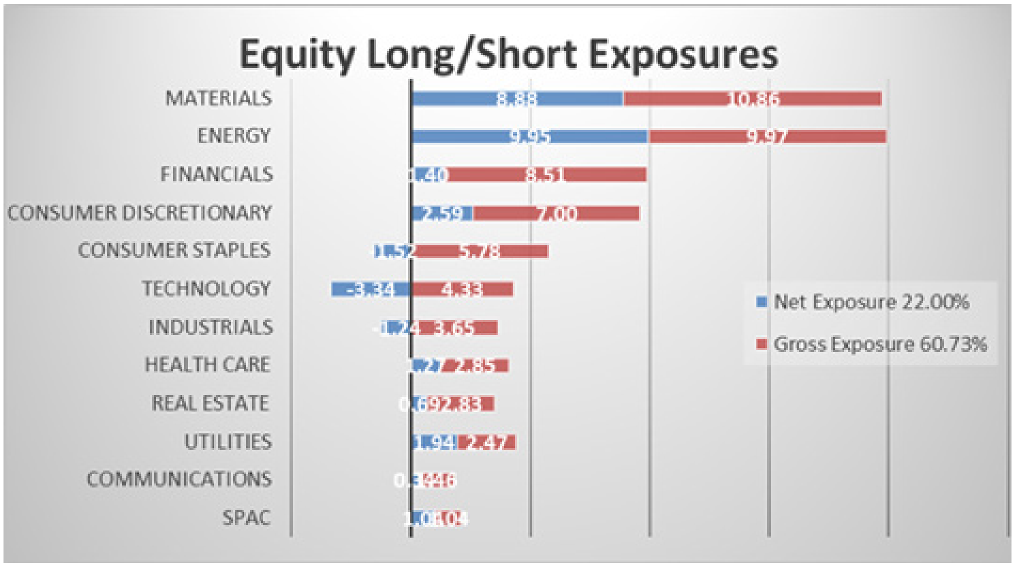
In Canada we get retail sales data and the CPI report this week.

Geographic Equity Exposures (% Total Portfolio including Futures)

ASSET ALLOCATION	NET	GROSS	LONG	SHORT
Canada	11.7	40.8	26.2	-14.6
US	3.0	31.6	17.3	-14.3
Rest of World	1.7	2.1	1.9	-0.2
Equities Total	16.3	74.5	45.4	-29.1
Bonds	5.6	5.6	5.6	0.0
Commodities	3.2	3.2	3.2	0.0
Total	**25.1**	**83.3**	**54.2**	**-29.1**

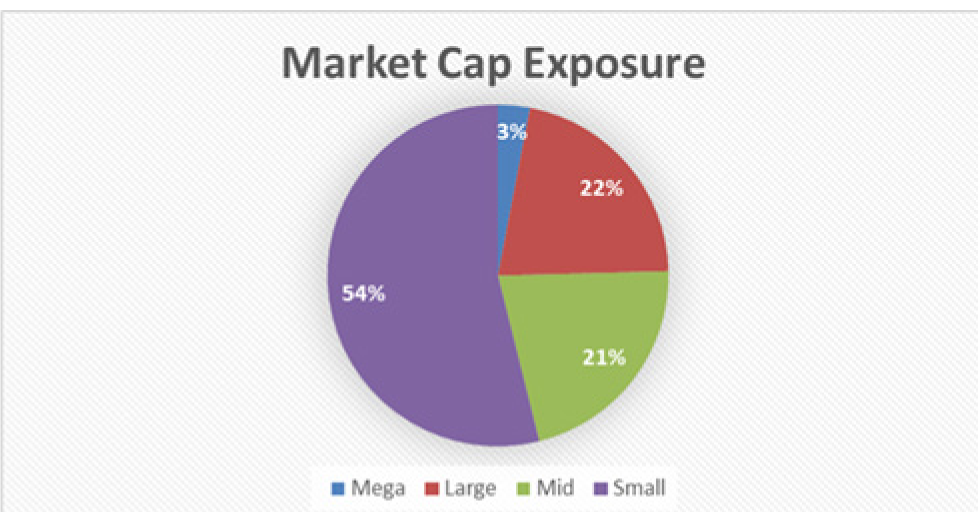
Net equity exposure was increased by 1% while net bond exposure was reduced by 0.9%.
Total fund gross exposure was reduced by 2.1%. Total fund net exposure was reduced by 2.4%.

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



The Fund was negatively impacted by the steep correction in energy prices where we have our largest overweight along with materials. We remain confident in the structural supply situation for energy but will keep a close eye on any fundamental developments. We believe any Ukraine settlement is still a ways off - the supply crunch is likely to get worse with further price increases more likely should demand not materially drop - a situation that for now appears unlikely. Energy equities remain “cheap” on a EV/EBITDA basis and are supported by rising dividends and buybacks.

Market Cap Breakdown:



FX Exposures:

FX EXPOSURE	%
CAD	62.5
USD	39.0
Other	-1.5
DXY	0.0
Total Fund	**100%**

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 reduced by 2.6%. USD was increased by 3.2%.

We look forward to reporting back next week.

Historical Performance – As of May 31, 2022

	1-Year	3-Year	5-Year	10-Year
ACAA - Series F	6.11%	16.39%	11.26%	11.08%

Published June 20, 2022.

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