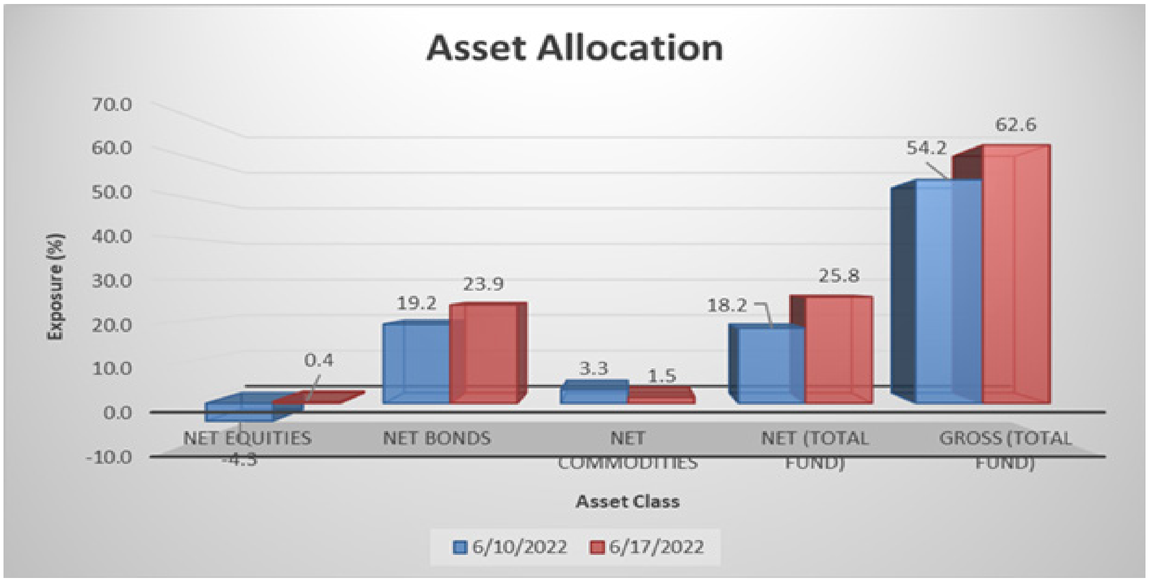


Monthly performance, macro context, current positioning and future expectations.

Performance
Week of June 17, 2022

Arrow Global Advantage Alternative Class (F Class):
WTD 0.63%
MTD 0.82%
YTD -1.75%

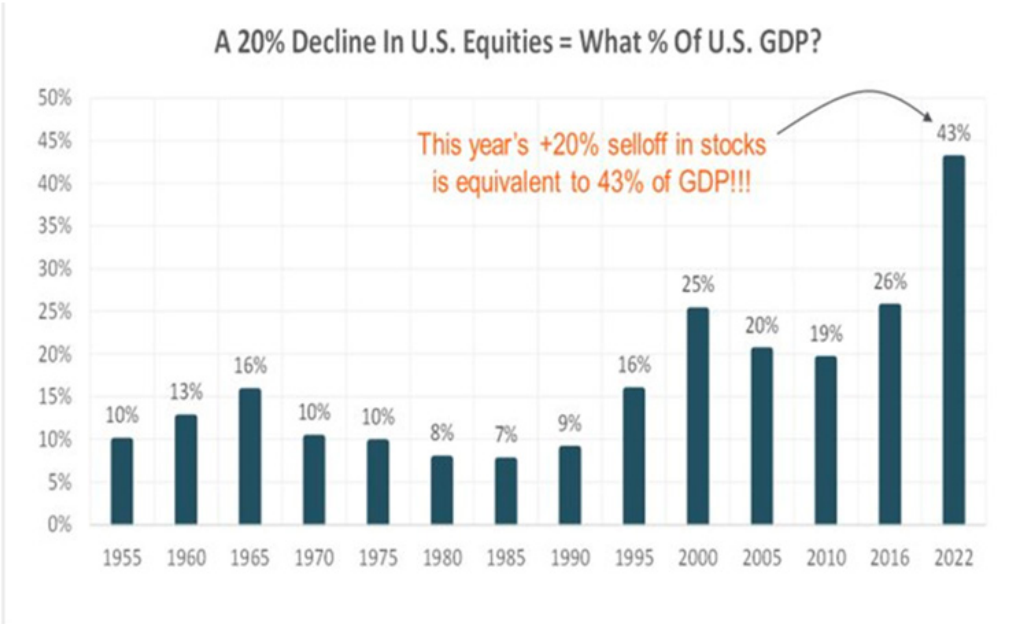
MSCI ACWI:
WTD -5.76%
MTD -10.46%
YTD -22.56%

Global Market Summary

The Fund had a solid week as we took advantage of long volatility positions in equity, bond and FX markets to book some solid gains. We are expecting the proverbial bounce in risk assets this week post the FED meeting which we will discuss below. That being said, the economic backdrop remains one of sell rallies in risk but there are some interesting trades for Q4 lining up with rising probabilities.

This was a wild week - we heard from the FED, BoJ, ECB and SNB that made for longer than usual trading days! All four are worth a few comments. First, the SNB (Swiss National Bank) raising rates 50bps was a big surprise - they have started their hiking cycle sooner than expected - it appears that despite relatively low levels of Swiss inflation they felt compelled to do something right away to fight inflation. The BoJ on the other hand decided that they will keep the YCC levels at 25bps despite the rising levels of headline CPI - frustrating a large and growing short JGB position. The outlet here in the JPY and 135 seems to be a line in the sand for now. The ECB held an "emergency" meeting to address the growing spread between German and Italian yields - they said something is in the works - like Draghi said while at ECB "whatever it takes" - no matter this only reinforces our belief that short Euro/USD should work its way lower to parity over the summer. Finally 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 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 one of our macro advisory firms 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 on the negative wealth effect of the stock market losses.



This is further compounded by losses in fixed income, housing (coming) and 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 "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. One 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 Putin 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 such rubbish - 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 given the enormous mistakes in energy management and the carbon transition globally. We are likely to add to our energy positions this week but in a hedged manner.

This week is shortened in the US with the Juneteenth holiday today. In terms of releases, we have home sales data, manufacturing and service PMIs, and University of Michigan sentiment survey. Powell also speaks on Wednesday and Thursday to the politicians - typically just political theatre. In Canada we get retail sales data and the CPI report.

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

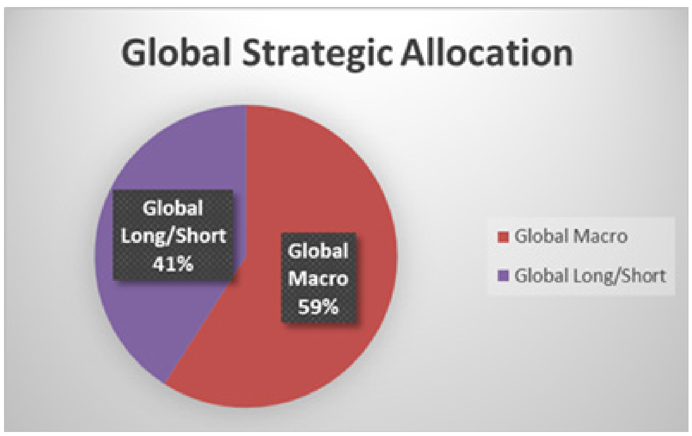
Country	Q2 Outlook	Q3 Outlook
US	D	G
Canada	G	D
Eurozone	D	D
China	R	R
Japan	R	G

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

Q2 in the US remains more in the Inflationary “I” zone but we expect a move into Deflationary “D” as CPI cools off and growth begins to slow more quickly this summer.

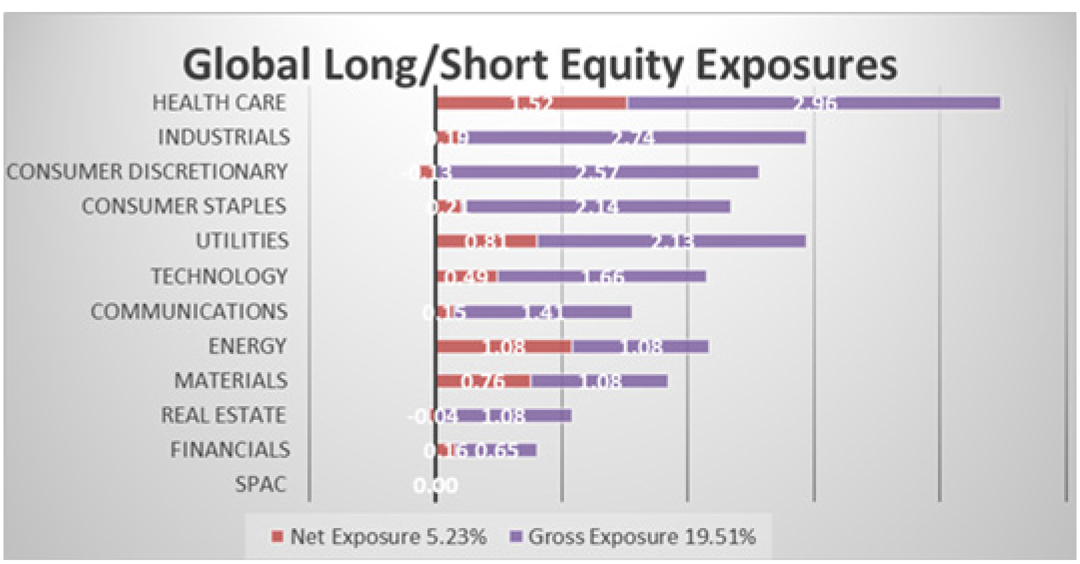
Economic Weekly Update

Below is a summary of the week and significant changes.



The portfolio is divided 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.

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

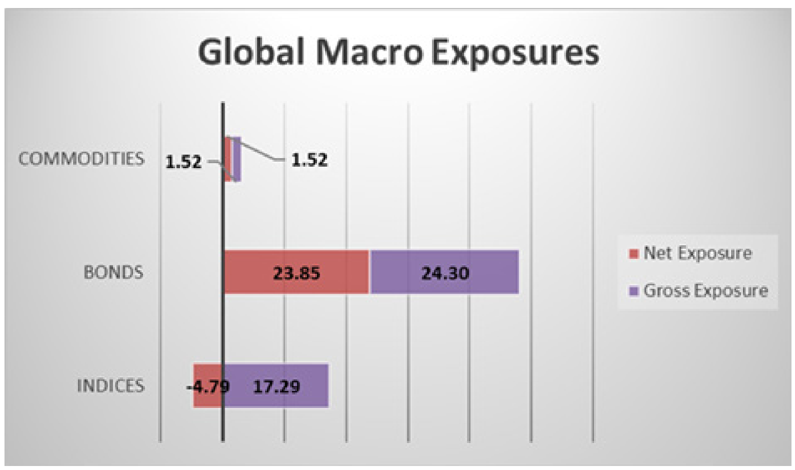


As the week progressed we incrementally covered shorts, but still remain defensively positioned. There were no places to hide last week as cyclical sectors led the way down with Energy (-15%), Materials (-6%), and Industrials (-4%), compared to the SPX (-4%). The SPX is down -11% in the last 8 trading days and sentiment is expectedly turning very bearish. We are cognizant that when everyone leans too bearish too quick and is on the same side of the trade, it can be dangerous.

Container freight rates peaked in Feb this year after reaching above 7x the pre-pandemic level in Sept 2021. Despite the rate coming off significantly, it's still at 5x the pre-pandemic level. Retailers are already in rough shape as a result of slowing consumer spending and a large inventory build. The inventory sourced with a higher cost (the freight rate) will further erode their balance sheet in Q2 and more to come in H2 this year. In this regard, we are still quite distant from the bottom of earnings estimates, and there is likely more downside at least until management give their second quarter results and guidance for their second half, which could reset investor expectations.

A few weeks ago we wrote about the hiring freezes and layoffs we were observing and at the time it was contained to large tech companies- Tesla, Amazon, Netflix, etc. We have noticed that companies in other sectors have joined the pattern, particularly in Real Estate, at a time when house prices are beginning to come off the boil. To keep record, there have been 79 companies that have announced a cut to their workforce or hiring plans, and we are seeing layoffs spread beyond the stay-at-home bubble. Companies may be recalibrating for a slower growth, lower profit environment, as most of the larger companies have cited the economy as the main reason behind these actions. We continue to watch company commentaries for clues as to what may be next.

2) Global Macro Exposures



Total Gross: 43.1%, Total Net: 20.6%

Commodities – Bullish Gold
We added substantially to our long gold calls expiring this December. We have no other commodity positions. The charts here are clearly starting to break (eg. copper) but we have not taken out any shorts just yet.

Bonds – Bullish Duration / Short Credit
We traded around the 10 year bond position successfully this week. Yields topped out around 3.5% and are back on short term support near 3.2%.

We closed our put spread on the junk bonds (HYG) this week. At some IG will be a very good addition to the portfolio.

Equity Futures – Negative
We reduced our net short exposure this week by adding an index Chinese equity position and delta-hedging the puts by buying US equity futures.

Foreign Exchange Positions:

FX EXPOSURE	%
CAD	88.5
USD	16.9
Other	0.1
GBP	0.2
AUD	0.0
JPY	0.6
EUR	-6.3
DXY	0.00
Total Fund	**100%**

FX – Bullish USD

We made very good money on our FX options this week. In particular $CAD hit cycle lows along with EUR/USD. We reduced our short JPY vs USD by delta hedging the option via futures post BoJ meeting. We do believe the BoJ will have boost the YCC level of the 10 yr from 25bps to something higher - this should move JPY higher quickly. We prefer to express these kind of ideas via options.

Historical Performance – As of May 31, 2022

	1-Year	3-Year	ITD
AGAA - Series F	-0.39%	5.01%	3.82%

Published June 20, 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.