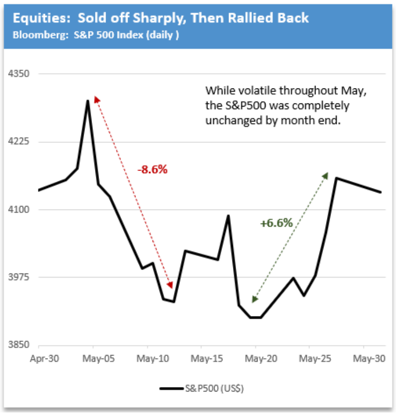
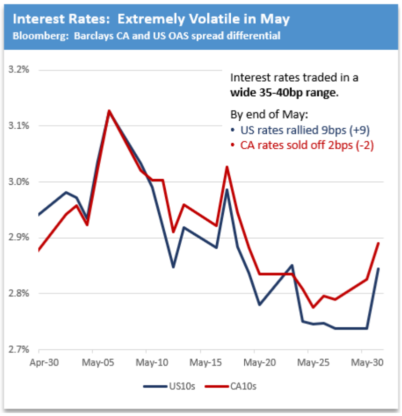
If a person were only to look at the month over month change in markets at the end of May, they would have missed the extensive volatility and, at times, panicked market moves that occurred intra-month. While investors may have expected a new catalyst to be the driver of the market weakness that lopped almost 9% off the S&P 500 in early May, it was not the case. No new themes emerged to derail market participants from remaining focused on the same market risks that have driven asset weakness and volatility thus far in 2022: namely the Russian/Ukraine war, tightening monetary policy and sharply elevated levels of inflation.

The charts below show the significant volatility that occurred within the equity and interest rate markets in May. Equities sold off sharply in early May yet managed to claw back those early month losses to heroically close the month entirely flat (the US S&P500 closed +0.2% and Canadian TSX Comp closed +0.0% on the month).

Throughout the month, both Canadian and US interest rates traded in a very wide 35-40bp range, highlighting the unsettled market environment. Interest rates had a sizeable 'safety bid' rally during early May - while equity losses were racking up - yet rates managed to close the month fairly close to home. US 10yr Treasury yields were lower by 9bps (rally) while Canadian 10yr GoC yields closed slightly higher (weaker) by 2bps.



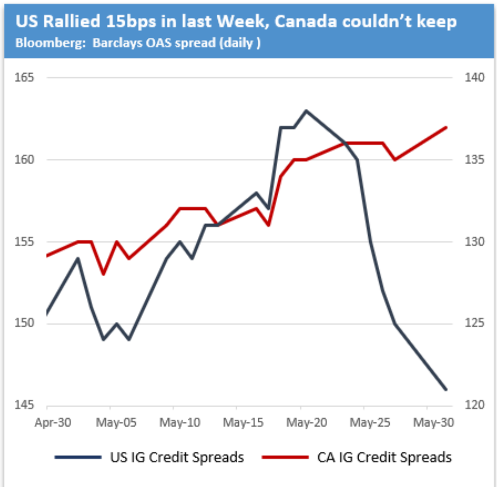


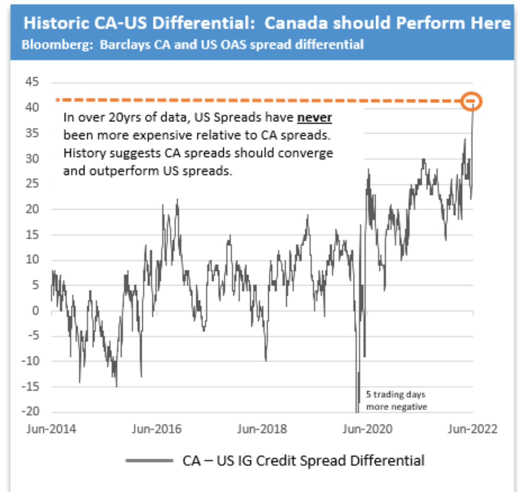
CANADIAN CREDIT SPREADS HAVE NEVER BEEN CHEAPER RELATIVE TO US CREDIT SPREADS FOLLOWING THE LATE MAY, SNAP BACK, US RALLY

Both Canadian and US credit spreads widened (weakened) into May's equity weakness. Canadian credit spreads were less volatile in May than they were in the US. This is not atypical – historically, US spreads move further and faster (in both rallies and sell-offs) than Canadian spreads. As the chart below at left depicts, in early May, US spreads – blue line – had exhibited far more volatility and had weakened 13bps by May 20th. Contrast this with Canadian spreads – red line – which had weakened only 6bps on the month by May 20th. This 7bps of Canadian outperformance was completely wiped out in the last week of May. US spreads caught fire and tightened (rallied) a shocking 17bps in just four trading days, as risk markets started to recover. Opportunistically, a few Canadian banks pounded the Canadian market with over $5 billion of new issue supply, which caused Canadian spreads to widen (weaken) 2bps in late May. The Canadian corporate bond market was unable to digest this large amount of primary issuance which weighed on the overall market and caused secondary market spreads to weaken as well.

By end of May, Canadian spreads were 8bps weaker (wider) and US spreads 4bps stronger (tighter). This 12bps outperformance of US credit relative to Canadian credit was substantial. The chart below at right shows the historic CA-US spread differential. Currently, Canadian IG credit spreads are 41bps higher (wider) than US credit spreads.

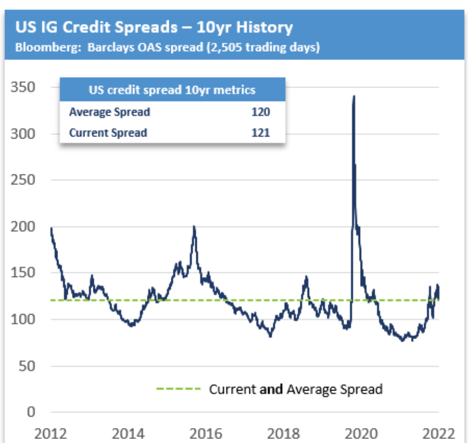
Over the entire 20yrs of data history, Canadian credit spreads have never been cheaper on an absolute basis relative to US credit spreads. Investors are not being compensated to hold US exposure, Canadian credit offers greater value at current levels. Our PMs expect the next round of Canadian bank supply will go to US, which would ease the issuance hangover in the C$ market, and Canadian credit spreads should outperform as the CA-US relationship mean reverts.

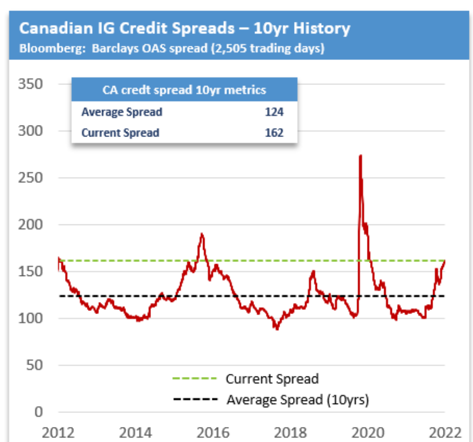




CANADIAN CREDIT SPREADS REMAIN MUCH CHEAPER ON A HISTORIC BASIS

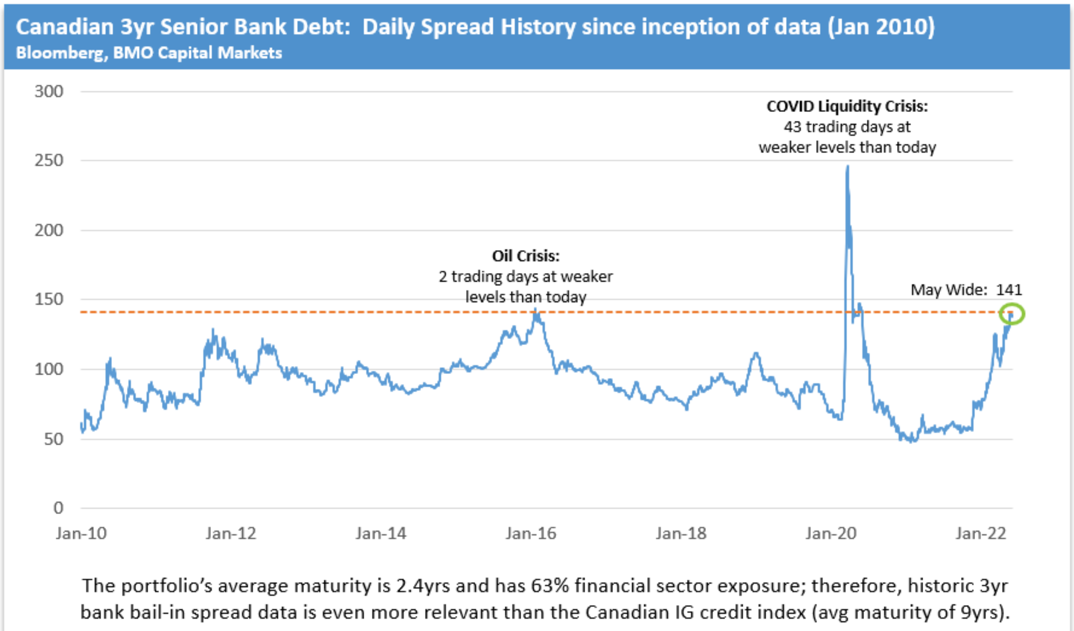
The charts below show US credit spreads (left side) and Canadian credit spreads (right side) over the last 10yrs. The green line shows the current level of credit spreads. In the US, the current spread is 121bps and the 10yr average spread is 120bps – meaning current levels are neither expensive or cheap over a decade of historic data. Contrast this with Canadian credit spreads (far right) which shows current spreads (green dotted line) at 162bps and a 10yr average spread much lower (tighter) at 124bps. This means the current level of credit spreads in Canada remain extremely cheap relative to trading levels over the last 10yrs. In fact, Canadian spreads are still 38bps wider than average levels and 75bps cheaper (almost double) the most expensive (tightest) level of spreads over the decade.





SHORT-DATED CANADIAN FINANCIAL CREDIT IS EVEN CHEAPER THAN INDEX AVERAGES ON A HISTORIC BASIS

As investors know, our portfolio holds short-dated, high-quality corporate credit. The index, which we used on the previous page, is the most widely used benchmark for credit spreads. It is a very good representative of where credit spreads are trading, as it includes all maturities (from 1yr to 30yrs+) and all sectors within the Canadian corporate bond market. That said, it does not always reflect the true impact of credit spread moves on our portfolio, given our current portfolio's average term (maturity) is 2.3yrs and the portfolio currently has 63% exposure to financials. As such, we have used Canadian 3yr senior bank debt (bail-in) spreads – chart below – as a more direct comparison for our portfolio in recent months. The chart shows 3yr senior bank spreads since Jan 2010 (data series inception date). In May, these credit spreads traded much weaker than the index, or your 'average' Canadian corporate credit spread. This was due to the massive $5billion of 5yr senior bank supply that was issued in Canada during the last week of the month – which was also the main driver of Canada's underperformance relative to US spreads this month, as highlighted earlier.

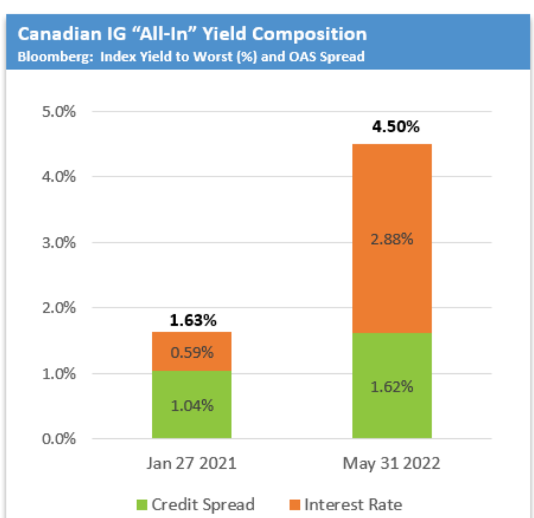


The widest spread level for 3yr senior bank debt this month was 141bps (represented by the chart's orange dotted line). Investors will note that this is among the widest (cheapest) levels that have traded in the Canadian market in more than 12yrs. Current short-dated, high-quality bank spreads only traded cheaper for 2 trading days in early 2016 (at the end of the oil crisis) and for 43 trading days during the March 2020 COVID liquidity crisis. This data range represents over 3,200 trading days and only 45 trading days, or 1.3% of the time, have these spreads ever been cheaper than right now.

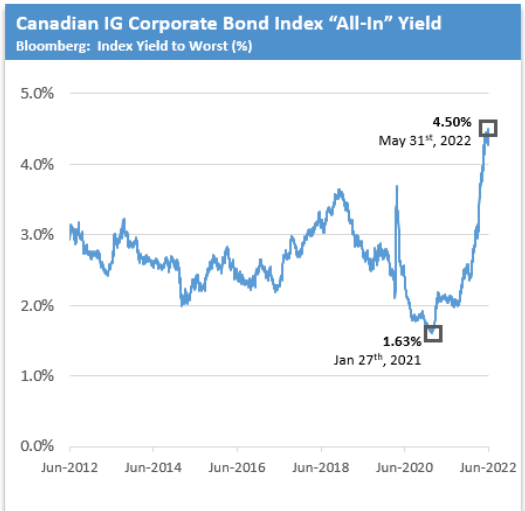
SUBSTANTIALLY HIGHER CORPORATE BOND ALL-IN YIELDS ARE SUPPORTIVE FOR CREDIT SPREADS

The total, or "all-in", yield of a corporate bond is the sum of the interest rate (gov't bond) component and the credit spread (the additional yield premium a company must pay investors to buy their debt (bonds) rather than those offered by the government). Our strategy aims to hedge, or remove, the interest rate exposure, leaving investors solely exposed to credit spreads. This is a highly unique hedge strategy – and represents only a sliver of the fixed income market - as traditional fixed income funds hold the entire corporate bond, not just credit spreads.

The chart below shows the increase in the amount an investor is paid to hold a corporate bond. This all-in yield has spiked to 4.5% from just 1.63% in early 2021. The higher yield has been driven by weaker (wider) credit spreads (green) which have increased from 1.04% to 1.62%; however, it is the sharp increase in interest rates (orange) from 0.59% to 2.88% that really drove the change in yields.

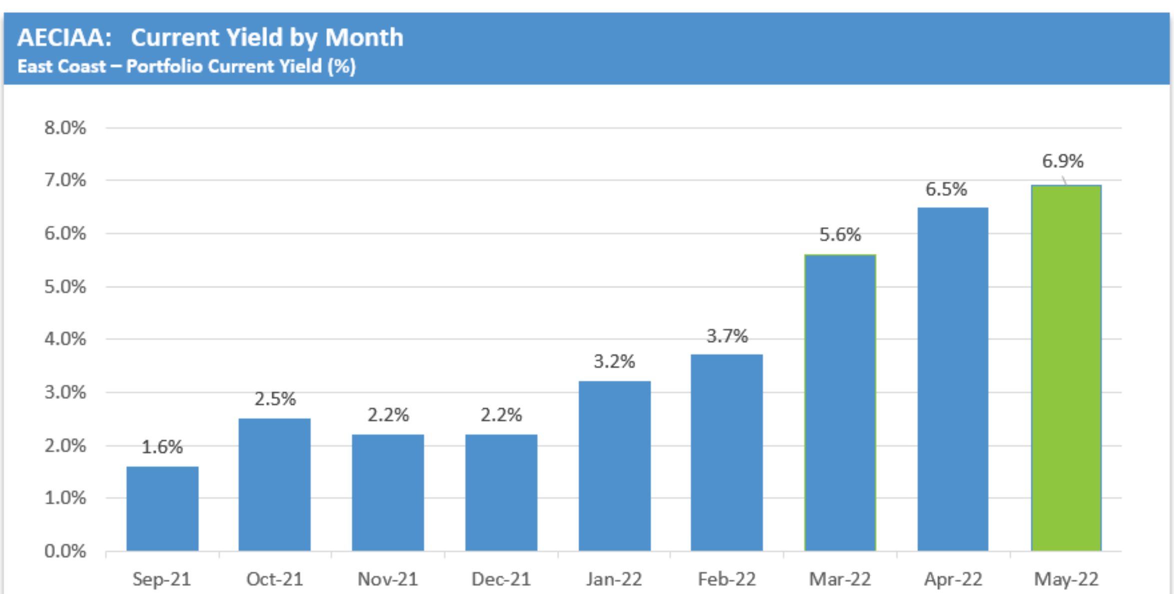


The current all-in 4.5% yield now offers the most attractive yields for Canadian investment grade bonds in over 10yrs. The chart of historic data is shown below and highlights the very dramatic rise in yields, or the amount investors are typically paid to hold a corporate bond in Canada. We believe these yields will bring investors back to fixed income assets – and that the high-quality, IG credit will be a strong beneficiary.



AECIAA CURRENT YIELD IS EXTREMELY COMPELLING

East Coast portfolio yields have continued to climb higher with the widening (weaker) credit spreads in our market. The graph below shows our portfolio's change in current yield since our most defensive positioning in Sept 2021. Current yield represents the return an investor would expect to earn over the course of one year. As spreads widen, current yield increases, but an increase in yield means that the price has decreased. This explains the small losses the strategy has sustained thus far in 2022. Our expected return over the next year (current yield) has more than quadrupled, to 6.9%. This yield assumes that credit spreads don't improve, or rally, at all over that one-year period. Given spreads have sold off dramatically, we believe it is realistic to expect spreads to tighten (rally). Any rally in credit spreads would provide investors with additional return, above and beyond the 6.9% current yield. Any potential further weakness, that may see spreads weaken (widen) further would mean the current yield would act as a cushion to help dilute some, or all, of the potential losses from wider spreads (depending upon how weak things get over the next year).



Short-dated, high-quality Canadian IG credit spreads are very cheap on a historic basis. Canada greatly underperformed the US in the late May snap back of spread rally, leaving Canada at its cheapest relative levels to the US in over 10yrs. Additionally, the vastly higher all-in yield offered to investors of corporate bonds (index all-in yield of 4.5%) should provide sufficient incentive to attract sidelined fixed income investors back into the market. All these reasons support our belief that IG credit spreads are poised to enjoy a rally (tightening) in the near future. Lastly, our portfolio's dramatic increase in current yield (to 6.9%), provides a much better cushion for investors against any further market weakness over the next 12mos period.

While continued market volatility in May remains concerning for investors, we still believe investment grade credit should begin to perform once interest rates find stability. As discussed last month, the long-term negative correlation between interest rates and credit spreads should be very supportive of IG credit spreads. We remain committed to our focus on short-dated, high-quality investment grade issuers within the portfolio. If yields within the portfolio do increase further (at a mark to market cost to investors), the benefit of our very short-dated portfolio kicks in, as our bonds mature each month, allowing investors to achieve outsized returns and recovering losses from recent spread widening. Spreads on short dated financials, the largest portion of our portfolio, have rarely been cheaper in over 12yrs. The Investment team is more excited than we have been in ages about the opportunity within the IG credit space and we remain optimistic about the return potential for investors, including ourselves.

Historical Performance	1 yr	3 yr	5 yr	ITD
Arrow EC Income Advantage Alternative FD	-1.09	3.17	3.51	3.01
East Coast Investment Grade II Fund Cl F	-0.87	5.90	6.38	5.37

Returns as of May 31, 2022

The inception date of the Arrow EC Income Advantage Alternative Fund (formerly East Coast Investment Grade Income Fund) was April 26, 2012. On June 26, 2020, the East Coast Investment Grade Income Fund (TSX: ECF.UN) was converted from a closed end fund into an open-end alternative mutual fund, renamed Arrow EC Income Advantage Alternative Fund and delisted from the TSX. Details of the conversion are outlined in the information circular which is available at www.sedar.com. Unitholders of Fund had their units redes¬ignated as Series FD Units. The inception date of the East Coast Investment Grade II Fund is April 1, 2013.

Commissions, trailing commissions, management and performance fees and expenses all may be associated with mutual fund and exchange-traded fund (ETF) investments. Please read the prospectus and Fund Facts for Arrow EC Income Advantage Alternative Fund carefully before investing before investing. Offering of securities in the East Coast Investment Grade II Fund are made pursuant to a Confidential Offering Memorandum (OM) only to those investors who meet certain eligibility or minimum purchase requirements. Important information, including this fund's fundamental investment objective is contained in the OM which may be obtained from Arrow Capital Management Inc. Please read the OM before investing. Unless otherwise indicated, 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 and ETFs are not guaranteed, their values change frequently and past performance may not be repeated. You will usually pay brokerage fees to your dealer if you purchase or sell securities of an ETF on recognized Canadian exchanges. If the securities are purchased or sold on these Canadian exchanges, investors may pay more than the current net asset value when buying securities of the ETF and may receive less than the current net asset value when selling them.

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.

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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, our sub-advisor East Coast Asset Management, and the portfolio manager believe to be reasonable assumptions, neither Arrow Capital Management nor East Coast Asset 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 un¬dertaken, 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 Arrow EC Income Advantage Alternative Fund and East Coast Investment Grade II Fund (the "Funds") as compared with the historical performance of a widely quoted market index or a weighted blend of widely quoted market indices or other investment funds. There are various important differences that may exist between the Fund and the stated indices or other investment funds 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. Published June 2022.