

The Arrow Global Opportunities Alternative Class was down 0.05% for October and is up 4.2% YTD. This compares to the TSX -6.19%, S&P500 -17.7%, and Nasdaq -31% YTD.

As we approach the end of the calendar year, we reflect on what has transpired. We would not be first to say that this has been one of the most difficult investing environments in recent memory. Although a number of important events have happened throughout the year, the underlying thread that binds them all is inflation, and the transition to this regime after many years of a deflationary environment. Although in hindsight (as it always is), this transition may have been clear in 2021, markets are always slower to adjust to new realities, especially given the prior regime has anchored our beliefs to once widely accepted assumptions.

Although our core investment philosophy is driven by fundamental, bottom up stock picking, we've developed a healthy respect for other, non fundamental factors that drive price action, and continue to be open minded to adjusting our exposures and not being overly dogmatic about our views. We challenge our thinking continuously and admittedly we are encountering this internal debate as we write, as we believe we are in the midst of another bear market rally. Despite the emergence of systematic, computer based trading, ultimately the markets remain in our view a compilation of collective behavioural psychology that are bound to create continuous boom/bust cycles and will parallel historical experiences...ie it does not repeat, but it rhymes.

Ultimately, our long term goal is to make money in boom times, and not lose money in busts - sounds simple, but we recognize how difficult this is. And when we cut through it all, the biggest challenge in executing this are our personal biases and ego that create mental anchors to change.

As we've written previously, we believe we are in another one of these bust cycles, and our current investing strategy is focused on capital preservation.

Although we continue to be tactical in shifting our exposures and weightings, our base case remains as follows:

- we believe a recession is in the cards and it is not priced in
- equity valuations remain elevated, and the next shoe to fall are fundamental earnings
- we remain defensively positioned
- we will look to take more risk as leading economic indicators start to bottom
- we believe the next bull market will be led by new market leadership

FTX - Canary in the coal mine?

As many are aware, FTX, one of the world's largest crypto exchanges filed for bankruptcy last week, marking another seismic event in the crypto market. Questions abound about its enigmatic founder Sam Bankman-Fried (SBF), who not long ago was touted as genius, but ultimately may be proven out as another charlatan.

FTX's situation is less a reflection of the merits of bitcoin/blockchain, but rather a symptom of the easy money, speculative bubble like behaviour that we've seen over the past few years. Without knowing all the details of what transpired, it looks to us like this is blatant fraud at worst, and a complete mis management of leverage/capital/risk at best...we would guess the truth is somewhere in between, but that's besides the point. Ultimately, this was fuelled by a strong market narrative that created a cult of personality, and was super charged by greed and liquidity...we liken it to other situations like Theranos, WeWork, 1MDB, Madoff...they all rhyme.

Although the magnitude and speed of the unwind was stunning, this is a classic example of discovering who's swimming naked when the tide goes out. Although this might appear isolated, we do believe events like these have non-obvious downstream knock on effects. Whether impacting the VC industry, financial regulations, or simply a wealth effect, there

will be reverberations that have yet to fully play out. As the FED continues to take the liquidity punch bowl away, we expect further events like these to come to the fore. I thought this interview with SBF was pretty telling about his views of the world and character. of the world and character.

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Sam Bankman-Fried tries to explain himself

The fallen crypto CEO on what went wrong, why he did what he did, and what lies he told along the way.

By Kelsey Piper | Nov 16, 2022, 3:20pm EST

Click image above to read article.

Thoughts on earnings season

We are almost complete Q3 earnings, and the biggest signal to us, was the continued breakdown in Tech leadership, specifically the FAANGs. As of this writing, META is down 67% YTD, GOOG down 32%, and AMZN down 43%. We do not take these signals lightly, as AMZN in our view is the best barometer of consumer, and maybe even economic activity. It just came out this week that they will lay off 10k workers, an even more ominous sign ahead of the important holiday shopping season. On the back of this earnings season, we continue to see consensus earnings estimates decline, albeit still slowly, as a high savings rate is providing a longer cushion for the economy. We continue to look for downside in both earnings estimates, as well as the multiple.

It's still all about the FED

We're in the midst of another round of market exuberance on the back of a softer than expected CPI reading. This is once again stoking optimism of a market bottom, which we believe is misguided. As we alluded to earlier, we believe this is another bear market rally, similar to the one experienced in late Summer, and would be selling into it. One encouraging inflation reading does not change the reaction function of the FED, and if anything the rally in stocks becomes counter-productive to the FED's goals. It's not a surprise that upon an equity rally, we see a string of FED officials reiterate their hawkish stance and pour cold water on the optimism...we do not want to fight this and we will not see the FED truly pivot until we see a string of soft CPI prints. As many have said for years, don't fight the FED....we agree.

Thank you for your continued interest in the Fund. As always, happy to provide more detail on our thoughts, and welcome any feedback.

Sincerely,

Chung Kim

Portfolio Manager

Arrow Capital Management Inc.

Historical Performance	1 yr	2 yr	ITD
Arrow Global Opportunities Alt Class Series F	2.49	33.30	36.29

Returns as of October 31, 2022

Arrow Global Opportunities Alternative Class (the “Fund”) inception date is June 30, 2020.

Prior to September 30, 2021, the Fund was named Arrow Global Opportunities Class (“AGOC”). The Fund distributed to investors on a prospectus-exempt basis in accordance with National Instrument 45-106 and was not a reporting issuer between June 30, 2020 and January 10, 2022. The expenses of AGOC would have been higher during such period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer. Financial statements of AGOC are posted on Arrow’s website and are available to investors upon request

Exemptive relief was granted by the Ontario Securities Commission on November 21, 2021 to permit the Fund to use performance prior to the Fund becoming a reporting issuer.

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.

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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. Published November 2022.