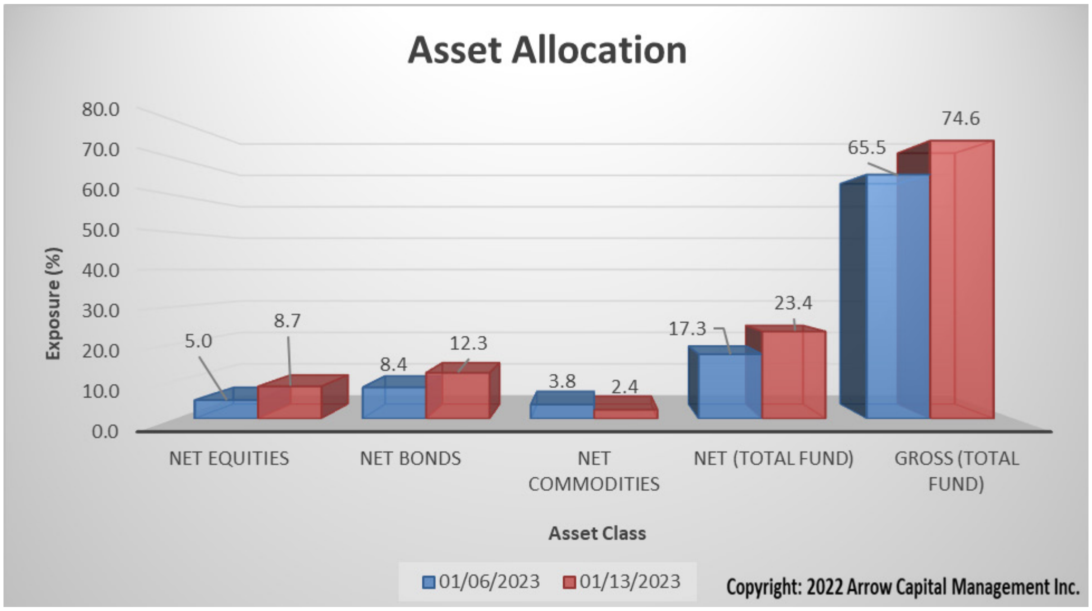


Weekly performance, macro context, current positioning, and future expectations.

Performance
January 13th, 2023

Arrow Global Advantage Alternative Class (F Class):
WTD 0.37%
MTD 0.51%
YTD 0.51%

MSCI ACWI:
WTD 3.35%
MTD 5.40%
YTD 5.40%

Global Market Summary

The Fund generated a small gain this week as securities markets continued their January bounce. Rather than describe what happened this week in markets (CPI was in line but slightly weaker under the hood), we thought we should give you a real time view on what we are thinking about markets in light of the strong rally.

The market, in our parlance is acting like its Quad 1 / Goldilocks or Real Growth – and there are strong narratives supporting this view. But we stress the term "narrative", as opposed to a more facts based approach. On the narrative side:

1. Falling headline inflation in the US and Europe
2. Falling mortgage and longer term interest rates
3. Falling energy prices – especially natural gas
4. Improving financial conditions
5. China re-opening
6. Atlanta Fed GDP Nowcast over 4% now in January

…to highlight a few. As you are aware we look at YoY data to measure and map the cycle but with the shocks associated with war in Ukraine, Covid and government / CB policies, the QoQ data is certainly more volatile and less "certain". In fact, our economic models have started to shift with respect to conditional probabilities going forward towards real growth but it remains a lower probability. The market is more convinced that this is happening than the leading "hard" and "soft" economic data. As Bob Elliot (formerly of Bridgewater states this is likely a "Transitory Goldilocks" market). However, as these conditional probabilities change and the possibility of an economic regime change rises, we will re-position our portfolio to focus the common winners / losers in terms of portfolio construction along with more idiosyncratic trades. Managing these transitions is the toughest part of our jobs.

Our positioning today straddles two possible economic outcomes – falling growth & inflation (Deflationary – as rates are kept higher for longer and the "pause" is pushed further out) and rising real growth and falling inflation (Real Growth – potentially encouraged by a FED pause). We weight the former at much higher odds (70%) versus the latter. In this case, we can own some fixed income (nominal governments, TIP's and investment grade bonds), gold and high quality credit and defensive equities (quality, dividends, large cap) and short modest amounts of junky credit and equity. On the idiosyncratic side, the China re-opening trade likely has further room (and China is transitioning into a better economic environment – Quad 2 or Inflationary regime) so we want to be long European and Asian equities as well. Because we remain reasonably uncertain, we are selling calls against long positions to generate some additional income. On the FX side, we are predisposed to being long USD but clearly this is not the market signal now – in fact, a falling USD is the source of real easing of financial conditions and a good "risk on" signal. In FX then we are no longer long USD in size but rather picking our spots – in particular owning JPY against both CAD and USD. The JPY is an idiosyncratic type trade but we are also long AUD versus NZD and CAD on the China re-opening theme. We would stress in all these positions we are data dependant and in the short run concerned that markets have run too far too fast. Equity volatility has been crushed so far this year as shown by the dramatic fall in implied and realized volatility; implied volatility looks cheap now.

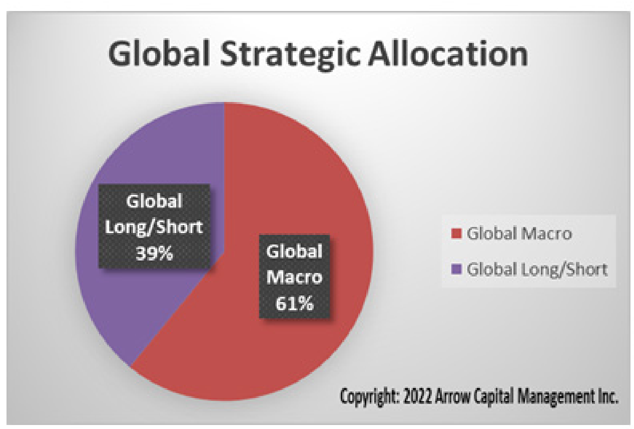
Summary Table
Economic Forecasts (Q4/2022 and Q1/2023)

Country	Q4 Outlook	Q1 Outlook
US	D	D
Canada	D	D
Eurozone	I	D
China	D	I
Japan	I	D

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

Economic Weekly Update

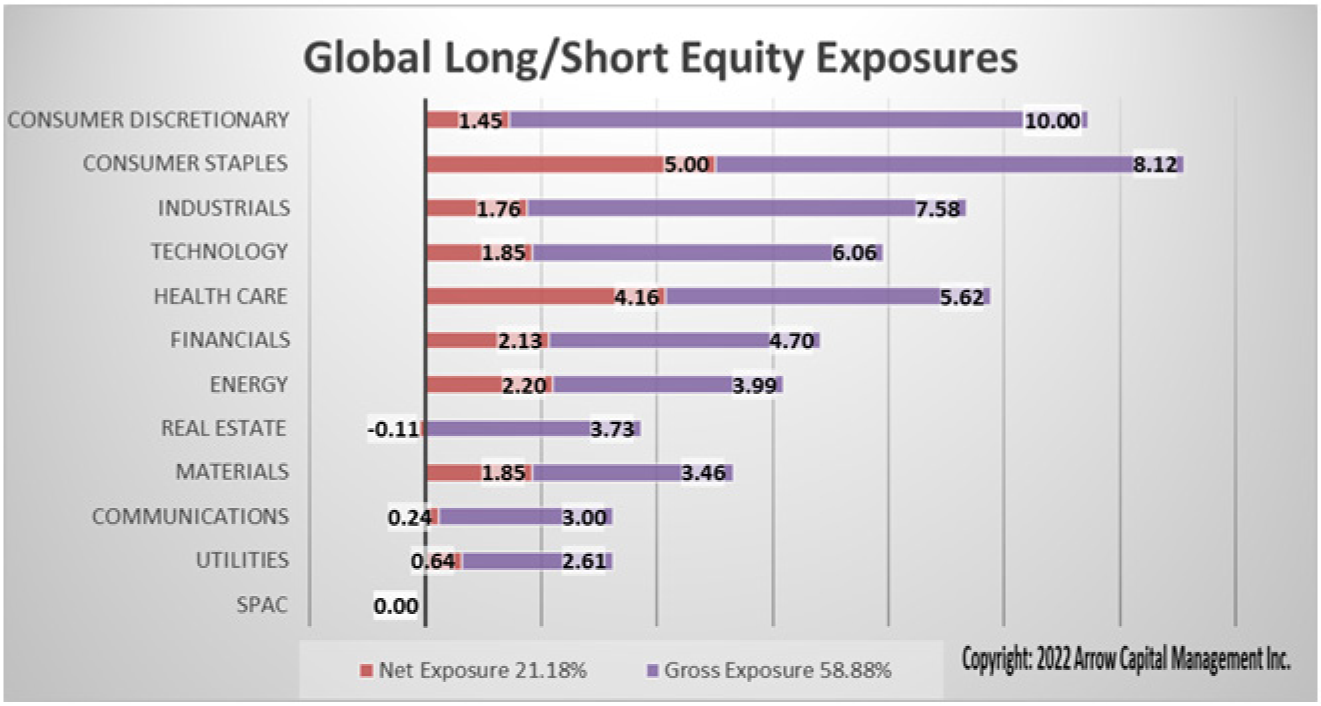
Below is a summary of the week and significant changes.



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.

Summary of our current positioning:

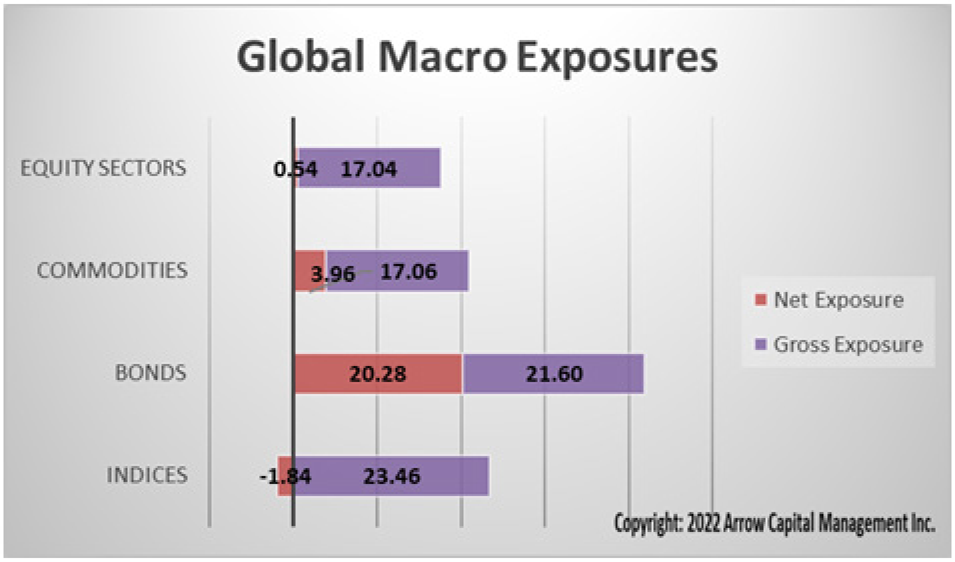
1) Global Sector Exposures (Long / Short Portfolio of individual companies)



This week we continued adding net exposure, mainly in Industrial longs and through covering shorts. As mentioned earlier in our Market Summary section, the market is trading like a Quad 1- which means accelerating growth with decelerating inflation- despite our models having Quad 4 as the modal outcome in the US and Europe over the next two quarters. This has created a strong cyclical bias in markets, one you would expect to see at the beginning of an economic recovery, which makes traditional Quad 4 shorts much tougher at this juncture. While we are respecting the strength of this move, we believe it is prudent to still be cautious and remain with a defensive bend. We have opted to own high quality foreign Industrials- primarily European and Japanese companies. We are more comfortable with Japan, given our Quad models are indicating it will be Quad 1 in 1Q23- albeit with a somewhat narrow conditional probability at 41%.

This past week we got earnings from a number of Financials including BlackRock, Bank of America, Bank of NY Mellon, JPM, Wells Fargo, and Citi. Expectations were low into the prints, though all companies posted results that were better than expectations. As interest rates are expected to top out this year, a shift from net interest income to fee income is the focus of most investors and whether that mix shift can support earnings estimates through 2023. Fee revenue comes with lower margins than NII, so cost discipline is an even greater focus. Labour headwinds are expected to continue into this year and we may see an acceleration in layoffs at banks.

2) Global Macro Exposures



Total Gross: 79.16%, Total Net: 22.94%

Commodities – Bullish Gold

Commodities were reduced by 1.4% as we closed out our crude oil longs and wrote call on our gold position.

Bonds – Bullish Duration / Short Credit

Bonds were increased by 3.88% with the further addition of 5 yr TIPs and short dated credit.

Equity Futures – Negative

Equities index shorts were reduced by 1.94%.   We are running effectively dollar neutral – long EAFE and short US equity indices.

Foreign Exchange Positions:

FX EXPOSURE	%
CAD	88.5
JPY	9.2
AUD	2.5
Other	0.7
GBP	0.3
EUR	0.0
USD	-1.3
DXY	0.0
Total Fund	100.0%

* We have included the delta adjusted totals to the FX summary above.

FX – Bullish USD

CAD was reduced by 9.1%. JPY was increased by 3.6%. AUD was increased by 1.8%. USD was increased from -3.6% to -1.3%. DXY Index was sold.

We look forward to reporting back next week.

Thanks,
Arrow Investment Team

Historical Performance – As of December 31, 2022

	1-Year	3-Year	5-Year	ITD
AGAA - Series F	-1.73%	4.93%		3.47%

Published January 16, 2023

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.