

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

Performance

March 3, 2023

Arrow Canadian Advantage Alternative Class (F Class):

WTD -0.03%

MTD 0.08%

YTD -1.57%

S&P TSX Composite

WTD 1.78%

MTD 1.78%

YTD 6.17%

S&P 500:

WTD 1.90%

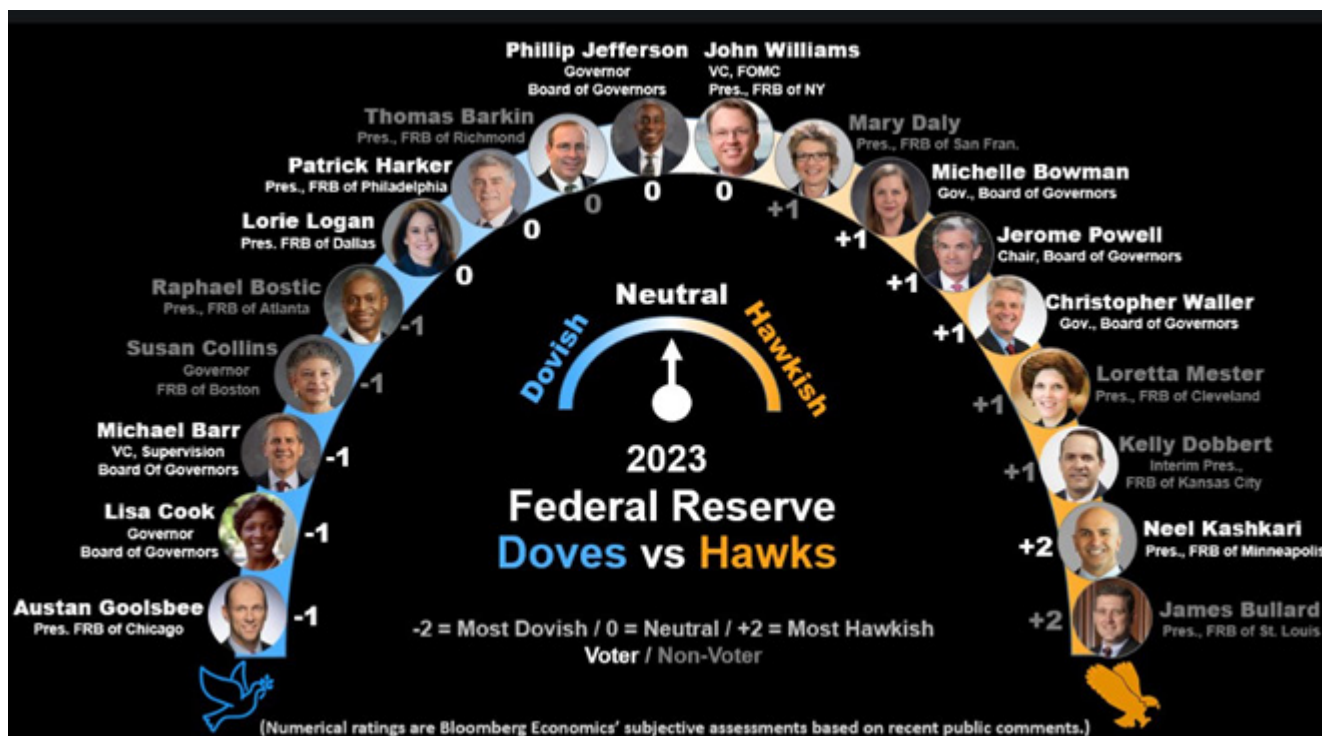
MTD 1.90%

YTD 5.37%

Fund Commentary

The Fund had a small drawdown as equity markets rallied the last two days of the week from oversold conditions. While yields rose on the week, they had been much higher earlier with the US 10 yr breaking back over 4%. The Friday ISM Services release showed elevated levels – especially in the New Orders and Employment – while prices paid “cooled” from 67.8 to 65.6 – that’s right – and bonds rallied lifting the Nasdaq and our old friend the GS Non-Profitable Tech basket. Pavlov is alive and well! The terminal rates keep rising with a number of strategists now looking for 5.75% - 6% in the US before all is said and done. At this point it is hard to find “value” – stocks are rich and bonds are rich (given sticky inflation and nominal GDP).

This coming week will feature Chair Powell’s testimony before the Senate and Congress; a healthy number of TSY auctions, jobs data with ADP and JOLTs and the biggie NFP on Friday. In Canada, we get the BoC on Wednesday. Not sure about you, but it seems to me like the FED could save a lot of money by cutting this crew in half and maintain its record on forecasting no?



Geographic Equity Exposures (% Total Portfolio including Futures)

ASSET ALLOCATION	NET	GROSS	LONG	SHORT
Canada	16.9	39.0	27.9	-11.1
US	-12.1	33.4	10.6	-22.8
Rest of World	2.6	7.5	5.0	-2.4
Equities Total	7.3	79.8	43.6	-36.3
Bonds	31.7	32.3	32.0	-0.3
Commodities	3.0	3.0	3.0	0.0
Total	42.1	115.1	78.6	-36.5

Net equity exposure was increased from 2% to 7.3%.

Canada net exposure was unchanged.

US net exposure was increased from -16.1% to -12.1%.

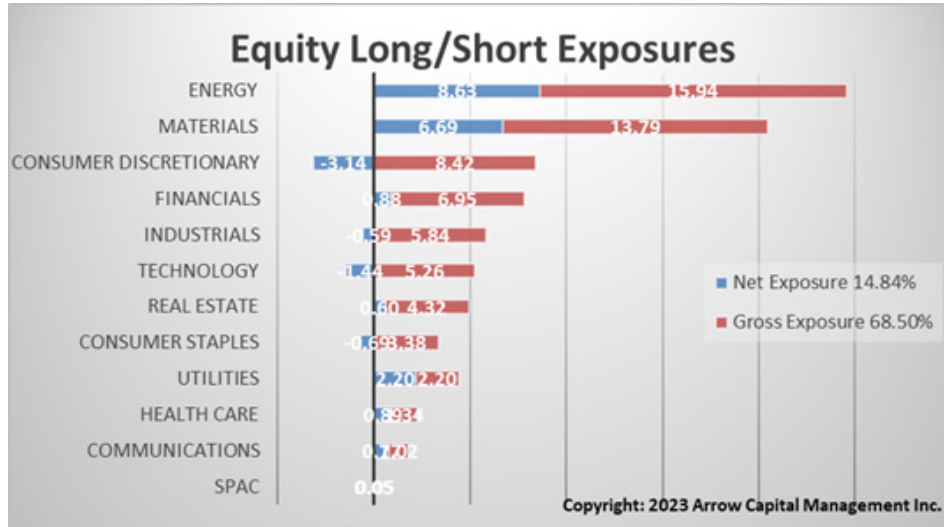
Rest of World net exposure was increased by 1.4%.

Net bond exposure was increased by 29.6%.

Net commodity exposure was increased by 1.3%.

Total fund gross exposure was increased by 19.8%. Total fund net exposure was increased by 36.3%.

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



Market Cap Breakdown



FX Exposures:

FX EXPOSURE	%
CAD	65.8
USD	33.4
Other	0.8
DXY	0.0
Total Fund	100.0%

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 1.8%. USD was reduced by 2.9%. Other was increased from -3.9% to 0.8%. DXY was reduced to 0 from 2.4%.

We look forward to reporting back next week.

Thanks,
Arrow Investment Team

Historical Performance – As of February 28, 2023

	1-Year	3-Year	5-Year	10-Year
ACAA - Series F	-0.35%	14.05%	10.45%	9.50%

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