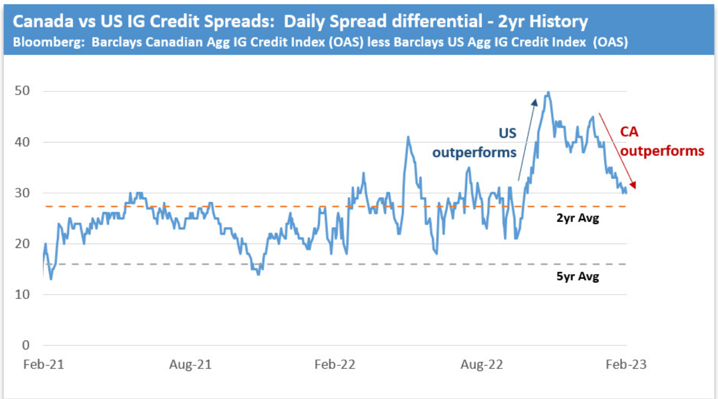
January's market euphoria was based on the collective belief, or rather hope, that central banks around the globe were pausing their tightening (hiking) and the policy moves in 2022 would be enough. It only took a few weeks for our key concern in the markets to play out as we cautioned last month - "Pausing rate hikes "for now" may be too soon, but only time will tell. Regardless, investors should brace for some volatility, especially if there is any disappointing inflation or wage data released in the near term." Queue those disappointing data releases in February, that showed higher than expected inflation and much stronger employment and wage data. Positive correlation in financial markets continued in February, but unfortunately to the downside this month, with equities weaker by approximately -2.5% in both Canada (TSX Comp) and the US (S&P500).

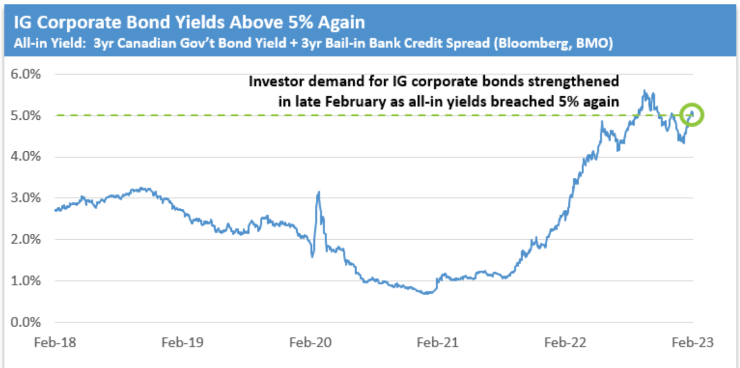
Interest rates rose (sold off) significantly in February with Canadian and US 10yr yields both 41bps higher (weaker), while shorter-dated 2yr yields skyrocketed even higher – closing weaker by a sizeable 45bps in Canada and 61bps in the US. The chart at right shows 10yr interest rate yields in Canada over the last two years. While rates have sold off (risen) over this period, it is the volatility over the last year that has created difficulties within most investor portfolios. Fixed income has historically represented a "safe haven" for investors; however, recent weakness and volatility has challenged the asset class. January saw rates rally (drop) 37bps to then have them reverse course and sell off (rise) 41bps in February.


US credit spreads weakened (widened) 6bps; however, Canadian IG credit spreads were a surprise performer in February and rallied (tightened) 5bps on the month. CA credit spreads underperformed US spreads quite notably in Q4 2022, yet Canada has clawed back most of this underperformance since the new year. The chart at right shows the spread differential of Canadian spreads vs US spreads with wider levels highlighting US strength and tighter levels highlighting Canadian strength. Investors will note that current Canadian IG credit spreads still appear to offer value relative to US credit spreads given historic levels - 2yr and 3yr average spread differentials (lines on the chart) are tighter than current levels.

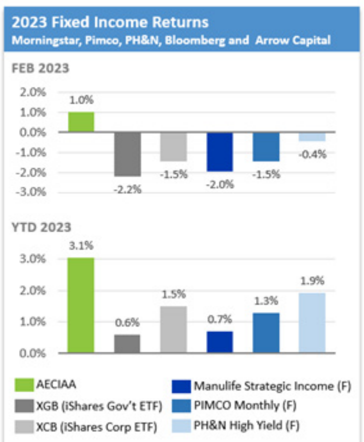


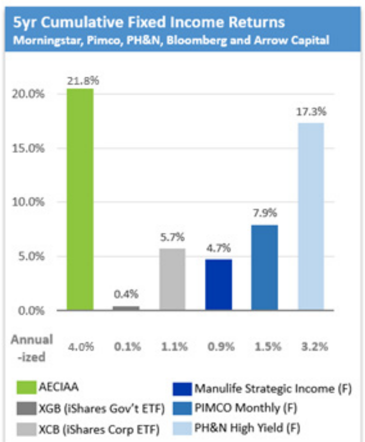

## INCREASING ALL-IN YIELD OF CANADIAN CORPORATE BONDS ATTRACTED INVESTORS IN FEBRUARY

The spike in interest rates pushed yields higher on all bonds, including investment grade corporate bonds. Higher yields means lower prices, and investors were happy to add high-quality exposure at cheaper prices as yields rose. The chart below shows the all-in yield on a three-year Canadian senior bail-in corporate bond. Yields rose above 5% in February – having only traded higher than this level during one period (late 2022), since the GFC. While this chart illustrates just one corporate bond, 3yr senior bank bonds are a very good example to show as they are among the most liquidly traded, high-quality bonds in the Canadian corporate bond market, and their 3yr maturity is very similar to the average term of corporate bonds within our portfolio (2.6yrs). It is a very good representation of just how much corporate bonds have cheapened over the last two years – from sub 1% to north of 5% for the exact same credit exposure.




## IN FEBRUARY, AECIAA CREDIT EXPOSURE CONTINUED TO OFFER DIVERSIFICATION AND COMPELLING RETURN OPPORTUNITIES




After the market volatility and dismal returns of most assets in 2022, we know investors remain hopeful 2023 will be a better year. While we believe greater financial market stability will be achieved by end of year, February was a reminder that uncertainty remains. One should expect Interest rates to continue to whipsaw until we move from 'believing' to 'knowing' inflation is under control. Until then, the full extent of required central bank intervention is not known and one can expect volatility to continue.

East Coast's strategy aims to immunize investors from fluctuations in interest rates. Instead, we remain singularly focused on one objective: trying to provide investors with the best possible risk-adjusted return. We are not reaching for yield through lower-quality investments (such as high yield) or longer maturity holdings. And while the strategy's much lower volatility may 'appear' boring, we believe East Coast's dependable returns – highlighted in charts at left – have become a welcome reprieve for our investors in a sea of erratic, and often disappointing, monthly return statements.

| Historical Performance | 1 yr | 3 yr | 5 yr | 10 yr | ITD |
|---|---|---|---|---|---|
| Arrow EC Income Advantage Alternative FD | 6.29 | 4.17 | 4.02 | 3.36 | 3.46 |
| East Coast Investment Grade II Fund Cl F | 10.08 | 7.53 | 7.19 | - | 6.09 |

*Returns as of February 28, 2023*

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 March 2023.