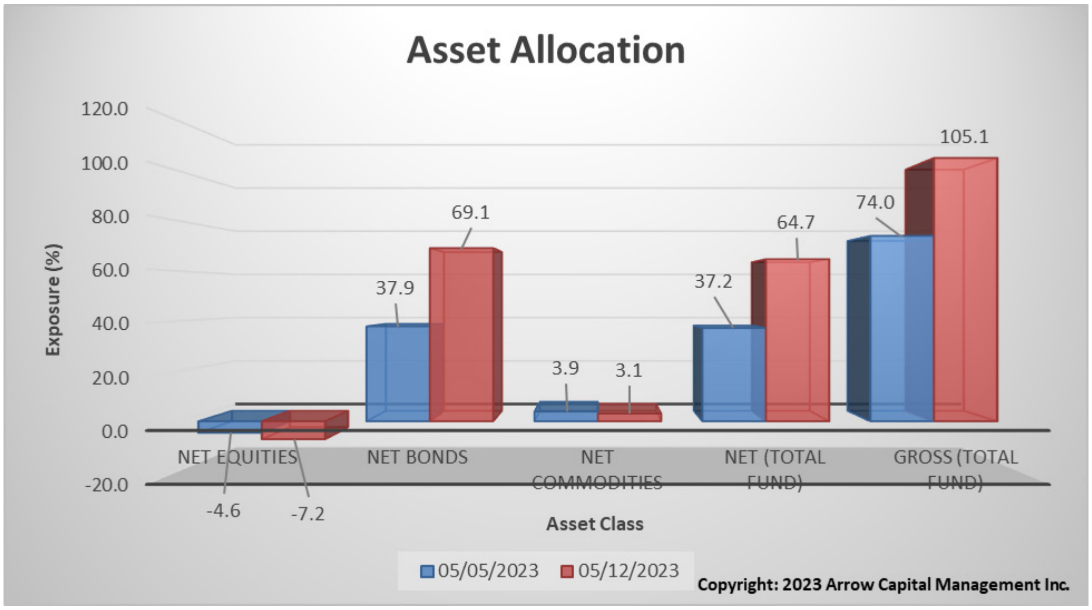


Weekly performance, macro context, current positioning, and future expectations.

Performance

May 19, 2023

Arrow Global Advantage Alternative Class (Series F):

WTD -0.65%
MTD -0.13%
YTD -1.15%

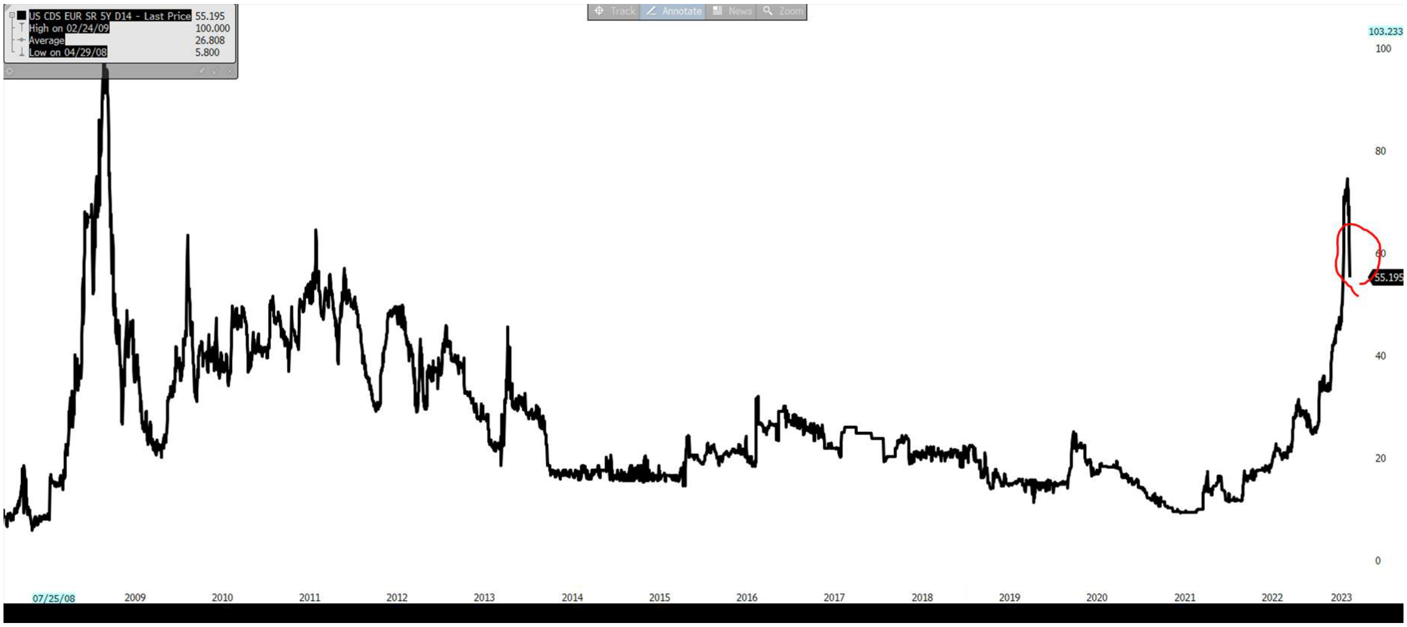
MSCI ACWI:

WTD 1.11%
MTD 0.22%
YTD 8.43%

Global Market Summary

Hope everyone had a nice long weekend! The past week started with the retail sales print. Retail sales has been a good coincident indicator of (nominal) PCE direction-wise, although retail sales tend to be more volatile compared to nominal PCE. We saw retail sales continued to trend lower after the (local) peak in January this year, with April reaching the zero line on a YoY basis. PCE should follow the same direction though the magnitude of the slowdown could be more moderate. The deceleration in retail sales was broad-based, i.e. every single category was worse compared to the numbers in March, with home furnishing and sporting goods seeing the largest declines. Part of this is due to a tougher comparison from 2021 and 2022. With base effects in mind, Q2 GDP is likely to decelerate from Q1, particularly the headline number, as a result of tougher prior year comparisons as well as cooling inflation. On the positive side, employment continues to be the only bright spot with continuing claims coming in better-than-expected vs the previous week.

Despite the weakening retail sales figures, the market was risk-on this past week partly because the debt ceiling issue didn’t get worse and the TGA draw continues to support liquidity in the system. The market has priced in a lower chance of a US default as the conversation continued between two parties vs a week ago as seen in 1Y US CDS (see below). Treasury Secretary Janet Yellen said the US is unlikely to reach mid-June without defaulting on its bills after the negotiation paused on Friday, and not surprisingly the debt ceiling talks will increase the volatility throughout mid June until a deal is reached. Yields were higher since the CPI print a week before and the market has priced out one cut despite inflation swaps still pricing in a depressed (3-handle) CPI estimate for June and July. As volatility increases, the range on the upside and downside have both increased, so buckle up!



On the global front, both Japan and Canada posted strong CPIs. Canada saw headline CPI tick up from 4.3% in March to 4.4% in April, driven by leisure and transportation. Now the market sits at no-cuts in 2023 vs a 1% cut two weeks ago. Japan also had its CPI accelerating again which was reasonably broad-based- this is the first time that core CPI reached 4% since 1981 on higher food and lodging prices. We continued to overweight Japan given its favourable economic quad set-up compared to the rest of the world.

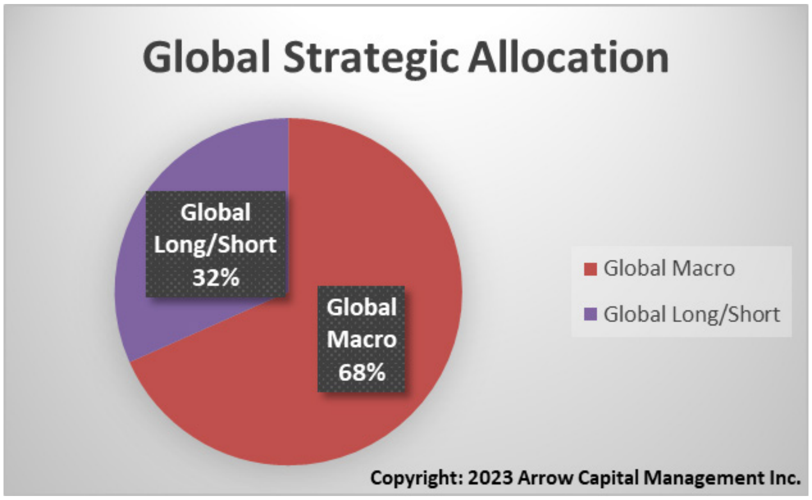
Summary Table
Economic Forecasts (Q2/2023 and Q3/2023)

Country	Q2 Outlook	Q3 Outlook
US	D	G
Canada	D	G
Eurozone	D	G
China	G	D
Japan	D	G

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

Economic Weekly Update

Below is a summary of the week and significant changes.



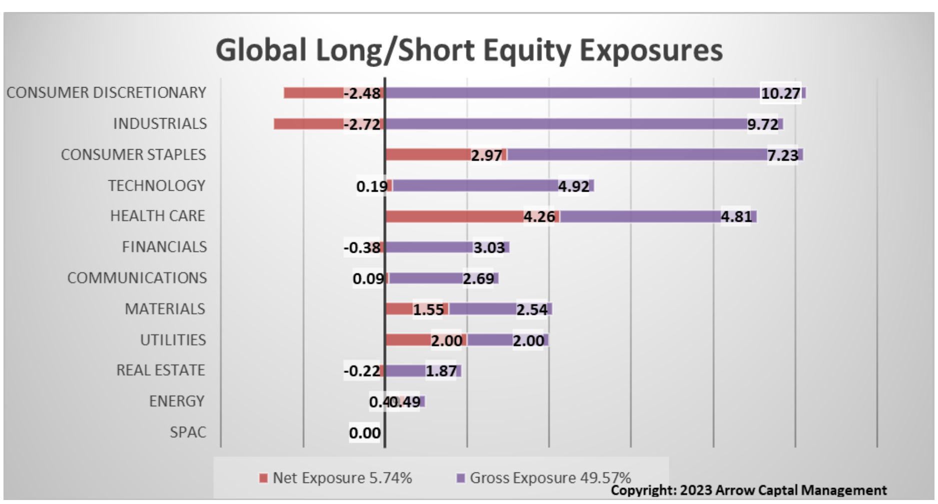
The portfolio is divided into 2 parts – a Global Long/Short part (individual securities) and a Global Macro part that focuses on liquid futures, ETF's etc. across FX, Commodities, Fixed Income and Equities.

Geographic Equity Exposures (% Total Portfolio including Futures)

ASSET ALLOCATION	NET	GROSS	LONG	SHORT
US	-12.0	29.0	8.5	-20.5
Japan	3.1	3.1	3.1	0.0
Europe	1.0	2.3	1.6	-0.7
Canada	0.3	0.8	0.5	-0.3
Asia ex Japan	-0.1	0.2	0.1	-0.1
Others	0.0	0.1	0.0	0.0
Australia	0.0	0.0	0.0	0.0
Equities Total	**-7.7**	**35.5**	**13.9**	**-21.6**
Bonds	68.8	68.8	68.8	0.0
Commodities	3.2	3.2	3.2	0.0
Total	**64.4**	**107.6**	**86.0**	**-21.6**

Summary of our current positioning:

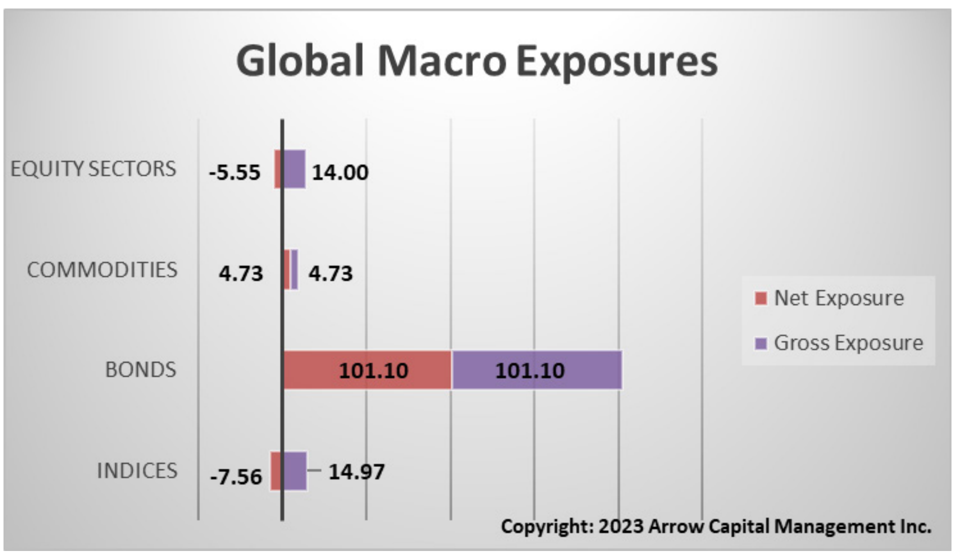
1) Global Sector Exposures (Long / Short Portfolio of individual companies)



We began increasing our exposure to Japan this past week as we see a more bullish macro environment developing. Japan has attractive forecasted Real GDP growth rates (>1% in 2H23), attractive on both an absolute and relative basis, and in combination with local dynamics around the future of YCC, we like the risk-reward of Japanese equities at this juncture.

In the US this past week, the focal point was the consumer as we received earnings from Home Depot, Target, and Walmart- three closely followed reports. We'll start with Home Depot which missed Q1 earnings and lowered their FY guidance. The company is seeing a mix-shift away from big-ticket discretionary goods and a trade down into smaller projects. Although the company was trying to blame the weakness in demand on inclement weather, we believe the consumer is in the midst of increasingly rationalizing their spending. Let's dig into Walmart and Target next to further paint the picture. Since both of these companies are so similar, we will go over them simultaneously. On spending trends, both companies called out strength in February but noted that strength has been fading progressively beginning in March and continuing through April and May. Walmart mentioned they have seen wealthier consumers beginning to shop at their stores more frequently (are we seeing some demand elasticity to those $30 chicken breasts at Whole Foods??). At the same time, private label penetration (Walmart's own products which are not branded and cheaper) is increasing- which we read as consumers opting for the cheapest products on the shelves. Within the product categories at Walmart and Target, grocery is the sole bright spot with general merchandise the weakest. So what people need to buy is holding in and what people do not need to buy is seeing weakness. Any way you cut it, these are not bullish consumer data points- from the clear incremental weakness in MoM consumer spending, aversion to discretionary big-ticket items, consumers choosing the most cost-effective products, to higher income cohorts looking for better deals. This does not look positive, especially as it is occurring in the context of deteriorating consumer confidence.

2) Global Macro Exposures



Total Gross: 134.8 , Total Net: 92.72

Commodities – Bullish Gold
Commodities were increased by 0.1%.

Bonds – Bullish Duration / Short Credit
Bonds were reduced by 0.3%.

Equity Futures – Negative
Equity Index shorts were increased by 0.6%.

Foreign Exchange Positions:

FX EXPOSURE	%
CAD	83.9
USD	18.9
Other	0.5
AUD	0.1
JPY	-0.2
GBP	-0.2
EUR	-3.0
DXY	5.2
Total Fund	**105.2%**

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

FX – Bullish USD

CAD was increased by 2.5%. USD was increased by 0.4%. EUR short was added -3%. DXY was increased by 1.6%.

We look forward to reporting back next week.

Thanks,

Arrow Investment Team

Historical Performance – As of April 30, 2023

	1-Year	3-Year	5-Year	ITD
AGAA - Series F	-0.37%	3.62%		2.96%

Published May 23, 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.

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