

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

Performance

April 19, 2024

Arrow Long/Short Alternative Class (F Class):

WTD -0.30%
 MTD 0.46%
 YTD 3.94%

S&P TSX Composite

WTD -0.42%
 MTD -1.62%
 YTD 4.05%

S&P 500:

WTD -3.05%
 MTD -5.46%
 YTD 4.14%

Fund Commentary

It was a brutal week for US equities, with the S&P - 3.1% and the Nasdaq -5.5%. The TSX held up reasonably well, -0.5%, with resources continuing to exhibit impressive relative strength, especially in the face of continued geopolitical tensions. Beneath the hood, technology and consumer discretionary were the worst performing sectors as money rotated out of the Magnificent 7. The traditionally defensive sectors caught a bid last week as utilities, health care, and staples all finished in the green. Although yields finished up on the week, we are seeing some positive divergences in some rate sensitive sectors. We specifically highlight Utilities where we've built a position in, partly on the potential bottoming of rate sensitives, and partly on an emerging theme of the incremental power required to support AI ([see link here](#)).

On the other side, we like pairing this with Staples, as we believe sticky inflation will be difficult to pass through this time around. Co-incidentally (or not so much), last week, the Dow Jones reported that the Canadian government is looking

to increase competition for Canadian grocery stores. The article suggested this entails luring successful international grocery store operators to set up operations in Canada in order to bring lower food prices to Canadians. This probably isn't a huge surprise for those following the group, and the prevailing view seems to be that this is a nothing burger. Maybe...but nothing is priced in for new competition, and if anything, this isn't great for sentiment in a group that has had a nice run through Covid. Below are a couple articles on ALDI, the successful German grocer that was speculated to enter the market a few years ago.

[ALDI sets itself apart](#)
[Waiting game](#)

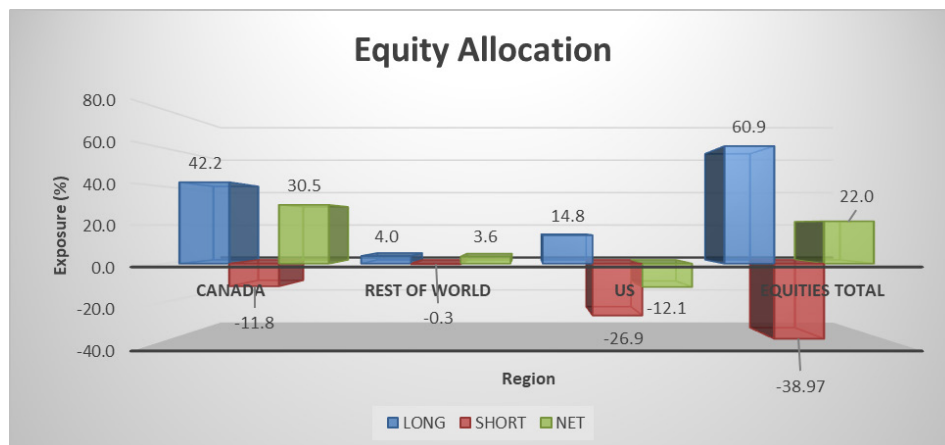
Energy equities performed reasonably well (down ~1.2%) in the context of oil closing down ~3% on the week. That said, we may (hopefully) have seen the peak in geopolitical tensions in the Middle East for now, which is reminiscent of the Ukraine invasion 2 years ago. Using that as a guide, we would not be surprised to see the group consolidate in the near term. As we wrote last week, we have trimmed our exposure, and are waiting for a better opportunity to re deploy funds. We have similar sentiments on Gold which has had a great run and could also consolidate if tensions ease.

This week, Q1 earnings will really get going, with a couple of the Mag7 expected later in the week. PCE, the Fed's preferred inflation gauge is also slated to report on Friday.

Have a good week.



Equity Allocation (% Total Portfolio including Futures)



Historical Performance – As of March 31, 2024

	1-Year	3-Year	5-Year	10-Year
ALSAC - Series F	3.33%	3.28%	10.38%	7.52%

Published April 22, 2024

Effective June 15, the Fund was renamed Arrow Long/Short Alternative Class (formerly Arrow Canadian Advantage Alternative Class).

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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.