

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

Performance

April 5, 2024

Arrow Long/Short Alternative Class (F Class):

WTD 1.02%
 MTD 1.02%
 YTD 4.52%

S&P TSX Composite

WTD 0.44%
 MTD 0.44%
 YTD 6.23%

S&P 500:

WTD -0.95%
 MTD -0.95%
 YTD 9.11%

Fund Commentary

US stocks experienced a decline this past week as investors grappled with procyclical data amid a backdrop of higher rates and escalating geopolitical tensions. We saw a big move up in the 10 year, stoking a risk off tone, with the Russell closing down ~2.8% compared to the SPX's 0.90% dip. Meanwhile, Canadian stocks remained relatively flat, largely influenced by the higher proportion of energy stocks in the index. Again, we see the risk of inflation re-accelerating, putting the Fed in a box, and potentially having to walk back recent rhetoric. For now however, the market is digesting recent inflationary signals and it appears to be rotating under the hood.

The rise in oil prices throughout the week, further fueled by geopolitical headlines on Thursday, contributed to energy emerging as the top-performing sector. The XLE closed up ~3.9% while the SPX experienced a modest decline of around 90 basis points. Energy remains the fund's largest sector weight and we continue to like the risk reward. Gold has also continued trading well, especially in the context of higher rates which is typically a headwind. We are impressed

with the relative strength and are expressing the view with gold miners.

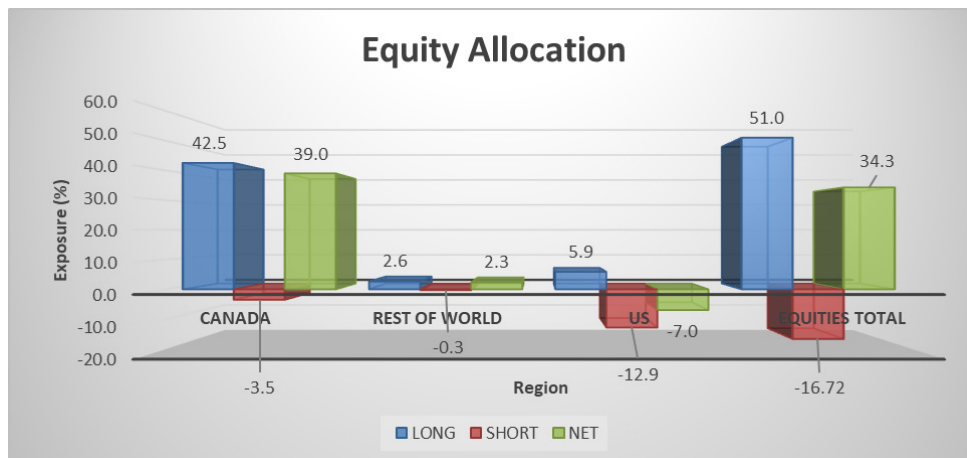
Recently, we added Nuvei Payments (NVEI) to our portfolio, only to see it acquired on Monday in an all-cash transaction at a ~50% premium to its unaffected price. We liked the stock given its growth profile (10-15%), high margins (40% EBITDA margins), high insider ownership, and valuation (~7x EV/EBITDA). We didn't own this when it was a high flying IPO, but got interested late '23/early '24 as sentiment and valuation looked to be quite washed out. This fits the bill of ideas we like – quality businesses that have been hit by excessively negative sentiment, but exhibiting signs of positive change. We continue to find interesting opportunities like these.

Looking ahead to the upcoming week, investors will closely monitor inflation data in the US, including CPI and PPI figures, which will likely serve as the focal point for determining the potential trajectory of policy and near term market direction.

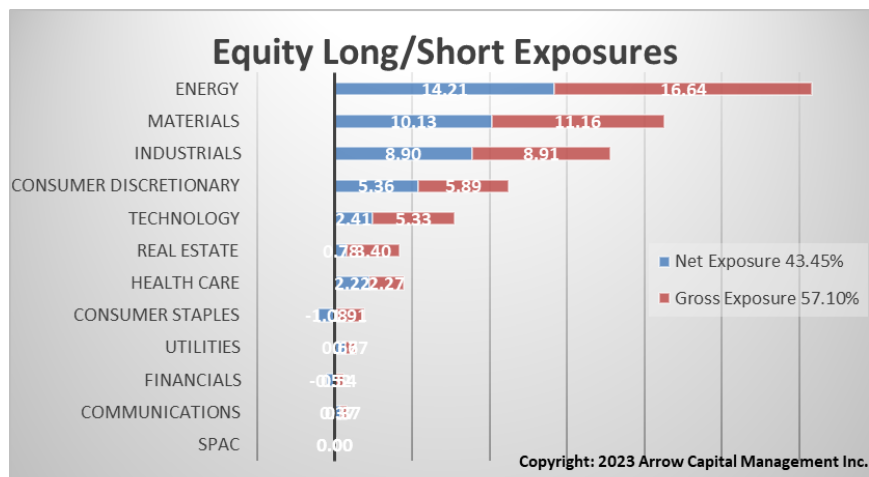
In our own backyard, Canadian inflation came in weaker than expected, further solidifying the narrative for rate cuts this year. The SPTSX lagged the S&P500 (0.62% vs 2.3%), highlighting the reversion in big cap Tech. Looking ahead to the week, we anticipate receiving US GDP/PCE data and Canadian GDP data.

The Fund was +0.34% for the week, with positive contributions coming from Nuvei (confirmed potential buyout talks) and MATR (follow through from earnings).

Equity Allocation (% Total Portfolio including Futures)



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



We look forward to reporting back next week.

Thanks,
Arrow Investment Team

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 8, 2024

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

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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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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.