The fund was up 2.51% for the month of March and 4.58% for the quarter. The strength we saw at the end of 2023 continued into the new year, as light positioning and a growing chorus of soft landing/no landing voices took markets up pretty much in a straight line. As we wrote in our yearly outlook, we started to add risk to the portfolio on the back of the December Fed meeting in which Jerome Powell pivoted dovish. He signaled rate cuts in 2024, and effectively took a victory lap on inflation. Shorter term, we believe this pushed back the recession risk. Medium/long term, we still believe recession is a material risk and a re-emergence of inflation could risk the walking back of dovish Fed policy. Hence, although our exposures have grown, they remain low and we remain tactically focused.

So what happened in Q1?

The S&P500 was +13.46% in Q1, Nasdaq +9.31%, and TSX +6.62%. 2023 ended the year with one of the most historic risk rallies. This followed through in Q1, with every dip bought and volatility muted. As economic data continued to remain robust, a soft landing has been priced into the market. This was even more impressive in the face of hotter than expected inflation readings which pushed back rate cut expectations through the quarter. As we entered the year, the market was pricing in over 6 cuts, but we exited the quarter with the market pricing in less than 3 (see below). With the March CPI print once again coming in hotter than expected, the market is now pricing in 1 cut as we write this. The CPI readings for Jan/Feb were explained away by the Fed as seasonal factors, but with this 3rd hot print in March, there are already indications that the Fed is walking back some of their dovish rhetoric.

Within the quarter, we also saw geopolitical tensions increase as the Israel/Hamas conflict continued to escalate. Gold/Oil benefited and this was reminiscent of the action in Q1/22 around the Ukraine invasion. As we exited the quarter, we started to see a broadening out of market strength as investors seemed to be looking for ways to catch up by buying laggard names.

<u>Rate cut expectations – start of 2024</u>

Enable Overrides

Region: United States » | Instrument: Fed Funds Futures »
Target Rate 5.50 | Pricing Date 12/29/2023
Effective Rate 5.33 | Cur. Imp. O/N Rate 5.328

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
01/31/2024	-0.160	-16.0%	-0.040	5.288	0.250
03/20/2024	-1.003	-84.3%	-0.251	5.077	0.250
05/01/2024	-2.075	-107.2%	-0.519	4.809	0.250
06/12/2024	-3.118	-104.4%	-0.780	4.548	0.250
07/31/2024	-3.960	-84.2%	-0.990	4.338	0.250
09/18/2024	-4.918	-95.8%	-1.229	4.098	0.250
11/07/2024	-5.630	-71.3%	-1.408	3.920	0.250
12/18/2024	-6.303	-67.2%	-1.576	3.752	0.250
01/29/2025	-6.950	-64.7%	-1.738	3.590	0.250

Source: Bloomberg

<u>Rate cut expectations – March 2024</u>

Enable Overrides

Region: United States » | Instrument: Fed Funds Futures »
Target Rate 5.50 | Pricing Date 03/29/2024
Effective Rate 5.33 | Cur. Imp. O/N Rate 5.326

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
05/01/2024	-0.098	-9.8%	-0.025	5.302	0.250
06/12/2024	-0.667	-56.9%	-0.167	5.159	0.250
07/31/2024	-1.055	-38.8%	-0.264	5.063	0.250
09/18/2024	-1.980	-92.5%	-0.495	4.831	0.250
11/07/2024	-1.907	+7.3%	-0.477	4.849	0.250
12/18/2024	-2.680	-77.3%	-0.670	4.656	0.250
01/29/2025	-3.425	-74.5%	-0.856	4.470	0.250

Source: Bloomberg

How did we do in the quarter?

The Fund was up 4.58% for the quarter. We've been adding exposure judiciously, focusing on undervalued, underfollowed companies, with upside optionality on underappreciated positive change. We have specifically been looking in areas with a multi-year tailwind that would be buffered even in the event of a recession. A few of the themes that we like include US Infrastructure, GLP-1, Uranium, AI derivatives, and Aerospace.

Below are a few ideas that contributed to our performance in Q1:

Atkins Realis (ATRL) - this used to be SNC Lavalin. ATRL was our largest contributor in Q1, as the stock moved higher on the back of another strong quarter. This fits our methodology well, as its multiple was depressed by legacy negative perception. However, with a new re focused management team and underperforming fixed contracts continuing to roll off, 2023 marked a very strong growth year, handily beating both street and company's expectations. Although the stock performed well in 2023 (+78%), the multiple remained discounted vs. their comps, and we still believe there is upside as this gap closes. We have trimmed some of our position, but will look to add again if the opportunity presents itself. To review, the stock provided a number of characteristics that checked boxes to build a core position:

- Thematic - Exposure to US infrastructure exposure
- Thematic - Uranium exposure
- Growth - one of the highest growth rates in the sector
- Valuation - one of the lowest valuations in the sector
- Positioning – under owned
- Event driven - sale of 407 stake

Matr Corp (MATR) - MATR is an infrastructure company that used to be called Shawcor. If you've traded the Canadian market, this would be familiar to you as a derivative energy business tied to pipelines. As a slave to the prior Energy cycle, the stock languished for years. However with new management and strategy, the company has sold off its legacy pipelines business, and been re-shaped into a more stable infrastructure centric business. The company is now entering a phase of offense and growth, yet continues to trade at a significant discount. With the strategic reset now complete, MATR is poised to organically grow 10-15%/yr over the near/mid term, partly driven by the US infrastructure tailwind. As well, with a clean balance sheet now in place through sale of non core assets, management is now looking to layer on growth through accretive M&A. Trading at 5x EV/EBITDA and double digit FCF yield, we believe the market has yet to fully appreciate the positive change afoot. We have built MATR into a core fundamental position.

Commodities - this is a theme we've liked longer term on the potential of a market regime shift. We however will be tactical around positioning levels. Coming into the new year, we believe commodities could outperform, as supply disruptions and years of underinvestment result in higher prices. An accommodative FED policy could further buoy this group which ultimately may prove to be problematic for the FED and a re-emergence of inflation. We've added exposure as we exit 2023.

Nuvei (NVEI) - NVEI was a recent fundamental position that was acquired by private equity (Advent) at the start of Q2. Fundamentally, we liked NVEI's 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 in late '23/early '24 as sentiment and valuation looked to be quite washed out. A takeout was not part of our investment thesis, although there was clear optionality there. After a couple of weeks of speculation, Advent International (PE firm) agreed to buy NVEI for US$34, all cash, or a 50% premium to the unaffected price. We believe this is a fair price and will be happy to take the win and move on.

Hope all is well. And as always, please reach out if you have any questions.

Chung Kim
Portfolio Manager
Arrow Capital Management Inc.

Historical Performance	1 yr	3 yr	ITD
Arrow Opportunities Alternative Class Ser F	8.40	5.66	23.29

Returns as of March 31, 2024

Effective June 15, 2023, Arrow Opportunities Alternative Class was renamed (formerly Arrow Global Opportunities Alternative Class). The Arrow Opportunities Alternative Class inception date is June 30, 2020.

Prior to September 30, 2021, the Fund was named Arrow Global Opportunities Class (“AGOC”). The Fund distributed to investors on a prospectus-exempt basis in accordance with National Instrument 45-106 and was not a reporting issuer between June 30, 2020 and January 10, 2022. The expenses of AGOC would have been higher during such period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer. Financial statements of AGOC are posted on Arrow’s website and are available to investors upon request

Exemptive relief was granted by the Ontario Securities Commission on November 21, 2021 to permit the Fund to use performance prior to the Fund becoming a reporting issuer.

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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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 and the portfolio manager believe to be reasonable assumptions, neither Arrow Capital 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 undertaken, 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 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. Published April 2024.