



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

## Performance

May 17, 2024

### Arrow Global Multi-Asset Alternative Class (Series F):

WTD 0.21%

MTD 1.59%

YTD 4.39%

## Global Market Summary

Consistent with our developing narrative in recent commentaries regarding the likelihood that US economic data might show some further signs of moderation as we go further into Q224, we were greeted last week with soft retail sales and some relatively milder inflation news in the form of both PPI & CPI. However, weaker retail sales in tandem with signs of moderation in employment evidenced in recent non-farm payroll (NFP) releases, weekly jobless claims reports as well as anecdotal input from surveys, garnered our attention most of all. Qualitatively, comments during the week from Walmart’s CFO (“We are seeing customers trade into Walmart”) acknowledging that higher-income households were behind its notable sales growth in the latest quarter, suggests that consumption (~70% of US GDP) may finally be encountering some headwinds. Atlanta Fed Nowcast estimates for Q2 were accordingly revised lower in response to the hard data. Bonds moved higher on the week, which we had positioned for in advance, enabling us to capture some of the impact via equity rotation, having favoured “rate proxies” like IWM and IYR heading into the data. We continue to expect some more data softness while respecting the fact that some specific components of the inflation series may remain sticky for a while. The future interplay between both softening labour and demand with stickier inflation will be key to the monetary policy path. We had already positioned for an earlier rate cut probability ahead of the data last week based upon our proprietary research and given the data outcome, added to this exposure. There are still two more CPI & NFP releases before the July FOMC meeting where expectations of a policy reduction remain priced conservatively at only about a 33% chance.

Elsewhere in the portfolio we continue to run positions with low correlation to bonds and DM equities. We remain long exposure to Chinese equities, though we have reshaped this given recent market gains and mixed data releases at the end of last week. FX continues to add significant alpha to our returns, arising from our focus on more idiosyncratic relationships (Short CHF vs EUR, GBP & JPY) and risk differentiation themes, e.g., Long AUDCAD (bullish commodities, terms of trade differentials) and short CADMXN (North American trade flows, positive carry). These currency exposures

are consistently structured to carry favourably and all possess defined downside, yielding attractive asymmetric return prospects. Similarly, we have exposure to Gold upside.

The week ahead brings some important CPI releases for both Canada and the UK, with both markets eagerly looking for signs to validate their somewhat dovish expectations of their respective central bank policy direction.

We look forward to reporting back next week.

Thanks,  
Arrow Investment Team

**Historical Performance** – As of April 30, 2024

	1-Year	3-Year	5-Year	ITD
AGMAAC - Series F	2.44%	0.68%	3.64%	2.86%

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Effective June 15, the Fund was renamed Arrow Global Multi-Asset Alternative Class (formerly Arrow Global Advantage Alternative Class).

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More information about the Fund can be found on our website [www.arrow-capital.com](http://www.arrow-capital.com).