

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

Performance

May 3, 2024

Arrow Long/Short Alternative Class (F Class):

WTD -0.33%
 MTD 0.27%
 YTD 4.07%

S&P TSX Composite

WTD -0.10%
 MTD 1.07%
 YTD 4.72%

S&P 500:

WTD 0.55%
 MTD 1.83%
 YTD 7.50%

Fund Commentary

Last week the market grappled with a substantial amount of data, both macroeconomic series and earnings reports. Positive earnings from megacap companies like AAPL and AMZN (+9% and +4% on the week, respectively) buoyed market sentiment. On the macro front, Fed Chair Powell maintained interest rates at their current levels (as anticipated), with the market interpreting his comments as dovish. Perhaps the most significant macroeconomic event of the week was Friday's employment report, which revealed a sharp deceleration in employment growth. This further solidified the market's belief that the Fed is poised to implement rate cuts later this year. After the report, the market pulled forward the cut priced in November to September. Bad news remains good news for now.

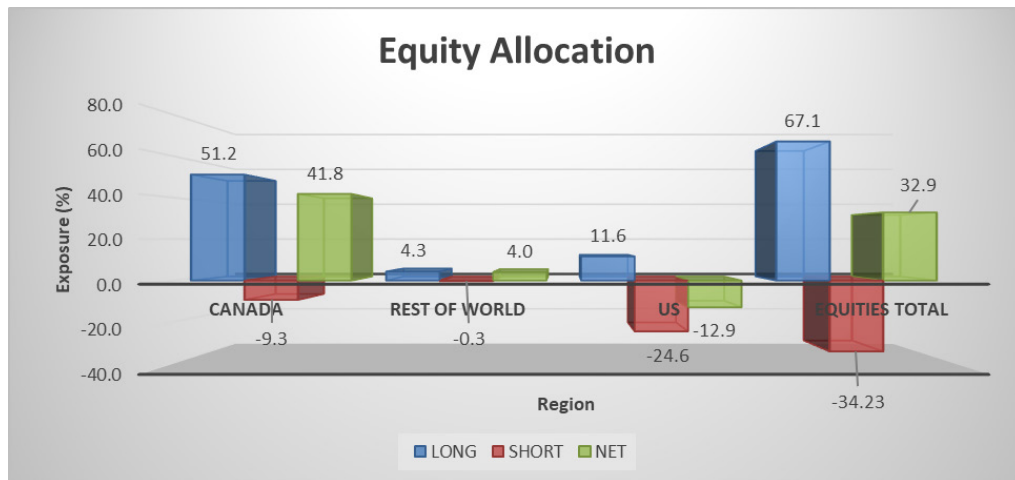
Throughout the week there was notable price action, with small caps leading, and commodities lagging, led down by Oil (-6.5%). Notably however, Chinese stocks stood out, with FXI up 5.6% on the week, and the group now stealthily outperforming North American indices YTD.

Within the portfolio, a couple of names in our Aerospace themed basket outperformed on the back of strong earnings. Namely, CRS and USAP were both up 10%+ on the week. This was offset by weakness in AFN which was punished for a slight miss on Q1, while maintaining full year guidance. We continue to like AFN longer term.

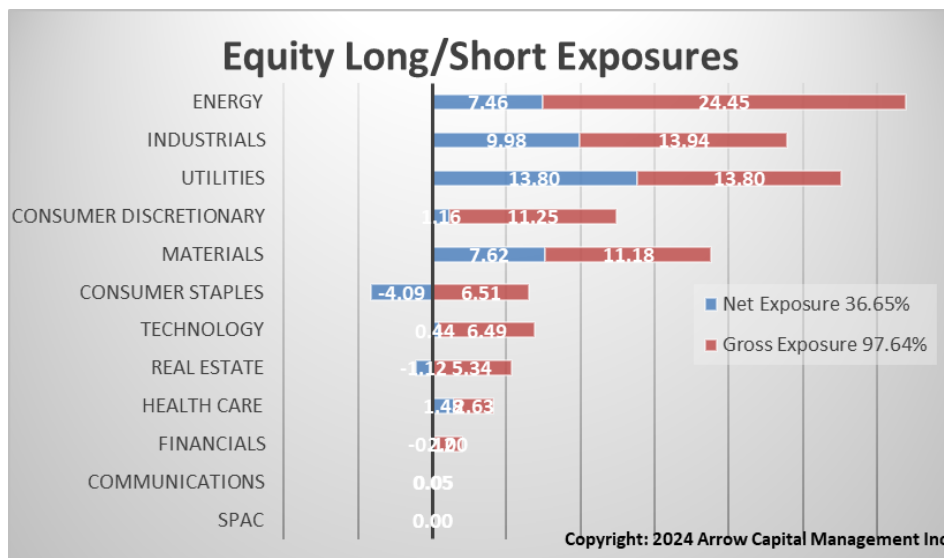
We've also been adding to the Utilities space, as we like the risk/reward both short and long term. The group has been hurt by rising rates, but recently we've seen some positive divergences as the market is starting to think about the positive implications for the group on incremental power demand required for data centres/AI. We believe this theme has legs and we've now made the group our largest sector weighting. With valuation near historically low levels, significant short interest, and the potential for rates topping near term, we really like the setup in the group.

Looking ahead to the upcoming week, earnings announcements will continue to stream in, although the macroeconomic landscape in the US is expected to be relatively quiet. In Canada, however, we anticipate the release of employment data on Friday.

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 April 30, 2024

	1-Year	3-Year	5-Year	10-Year
ALSAC - Series F	2.98%	2.64%	10.18%	7.45%

Published May 6, 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.