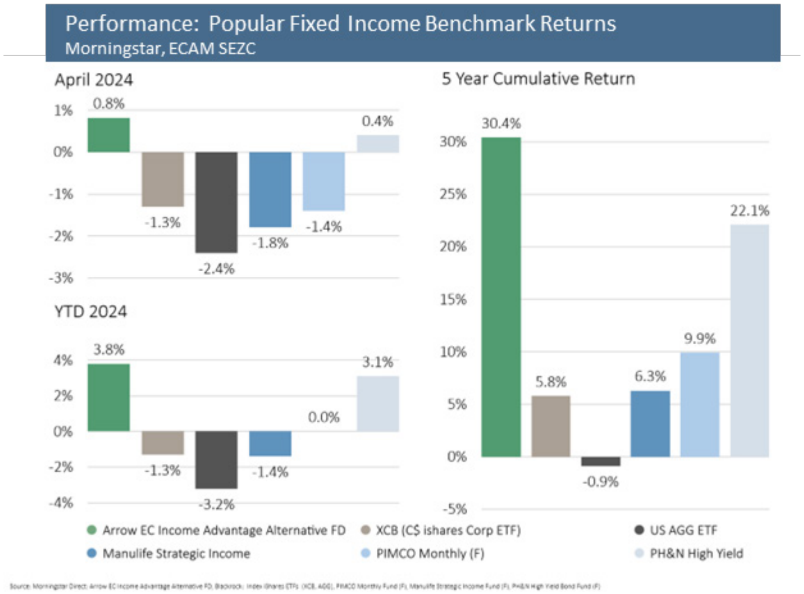
Equities and rates faced challenges in April as firm growth and inflation data persisted. Equity markets were down -4.1% in the US (S&P 500) and -1.8% in Canada (TSX Composite). Central bank policymakers are likely to remain patient, awaiting more concrete evidence that inflation is approaching the longer-term 2% inflation target. The combination of stubborn inflation and resilient economic growth has led markets to delay expectations of central bank rate cuts.

The reversal of rate cuts has led to higher interest rates across the entire yield curve. As rates increase, bond prices decline. In April, US rates rose by 40-50bps and Canadian rates by 15-35bps across the curve. Although equity markets weakened during the month, investment-grade (IG) credit indices saw spreads tighten by 3bps in both Canada and the US. This slight tightening in spreads was driven by significantly higher overall yields of corporate bonds, which include both an interest rate component and a credit spread component. For instance, with 10-year Government of Canada (GoC) bond yields rising by 35bps (0.35%), the yield of 10-year Canadian IG corporate bonds also increased by 0.35%, attracting investors seeking higher yields. This increased demand resulted in the modest rally in IG credit spreads observed in April.



The performance charts on the right reflect the impact of market moves on major fixed income indices and bond fund returns. Traditional funds, which are highly correlated to interest rate movements, underperformed this month. East Coast's strategy seeks to generate returns for investors independent of interest rate fluctuations. This approach has protected capital as rates have risen from post-COVID lows and provided investors with a more stable monthly return experience.

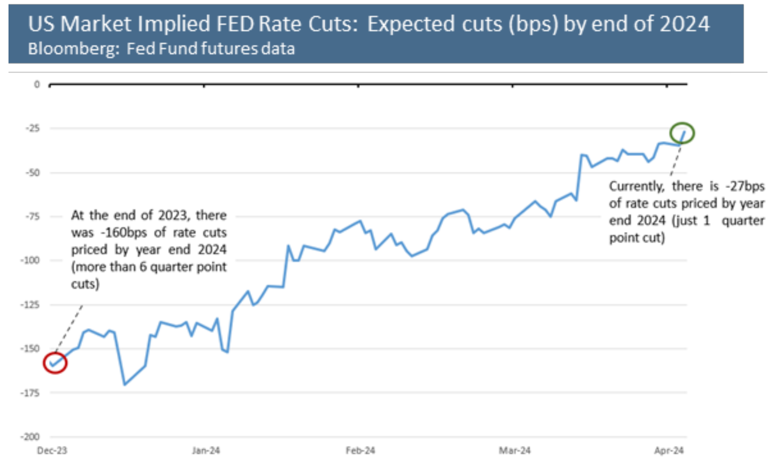
AS ANTICIPATED, THE RE-PRICING OF RATE CUT SINCE YEAR END HAS WEIGHED ON TRADITIONAL FIXED INCOME

In December 2023, the investment team was convinced markets had priced in rate cuts far too aggressively, noting in the investment update:

"The rally in November and December stems from the Fed officially pivoting from their tightening (or rate-hiking) policy bias to a neutral policy bias. The markets , always trying to be in front of the parade, have developed "rate cut fever" and are pricing substantial (and early) cuts from the central banks. These cuts feel a little premature to our team, who believes "higher for longer" is likely until we see either 2% inflation (central bank target) or a significant downturn in the labor market….Traditional fixed income indices would clearly suffer, such as the C$ Corporate Index or US$ Aggregate, both of which have a 90% or greater positive correlation to interest rates over the last 10yrs."

The chart on the next page at right illustrates US implied FED rate cuts, in basis points, anticipated by the end of 2024. The gridlines are placed every 25bps to help investors better visualize the number of quarter point cuts that are priced. The red circle highlights cut expectations at the end of 2023, when the market anticipated a total of -160bps in US rate cuts (equivalent to over six quarter-point cuts) during 2024. The green circle, end of April, has -27bps (equivalent to one quarter-point cut) priced into the market

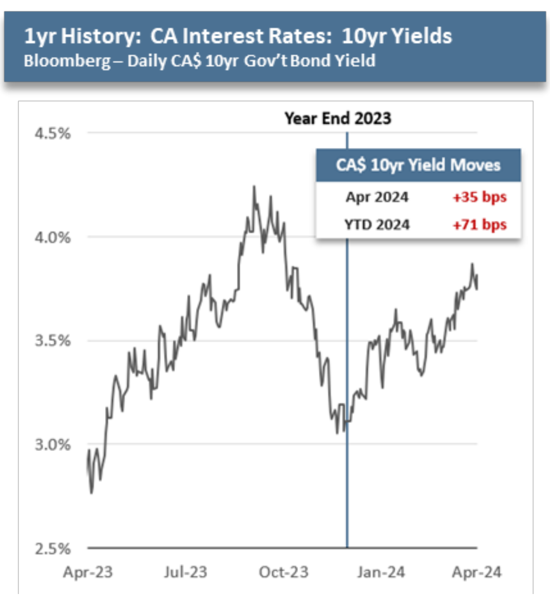
At end of 2023, the market expected the first cut as early as the March 2024 meeting. As the investment team anticipated in our December investor update, this rate cut expectation proved to be overly optimistic. As of the end of April, the only fully priced cut is a single 25bps cut at the Dec 2024 Fed meeting.



In contrast, Canadian rate cuts by the Bank of Canada (BoC) are expected to occur earlier than those in the US. The first full cut of 25bps is projected at the July BoC meeting, followed by a second full cut at the December BoC meeting. This indicates that Canada could see two full rate cuts compared to one in the US by year-end.

"The team expects continued interest rate (and therefore traditional fixed income) volatility". The December 2023 investor update highlighted this market perspective, emphasizing a "wait and see" approach that remains relevant today. ***"Every economic release or central bank soundbite will see the market actively price in more, or less, probability of rate cuts at upcoming policy meetings. We believe the strategy's focus on the investment grade credit spread portion, not interest rate portion, of corporate bonds will help limit volatility and continue to serve investors well in the coming year."***

LATHER, RINSE, REPEAT: INTEREST RATE VOLATILITY AND SLOW GRIND TIGHTER IN CREDIT SPREADS AGAIN



In April, fixed income themes continued to reflect recent trends. Interest rate volatility resulted in a significant sell-off, causing rates to rise, as illustrated in the chart on the left. Ten-year GoC rates increased by 35bps in April, marking a year-to-date increase of over 70bps. While yields on fixed income instruments are much higher than in recent years, the rate rise in 2024 has created a significant headwind for traditional fixed income, as it has outstripped the yield offered to investors by most investment fund portfolios.

Conversely, investment-grade credit spreads have experienced a gradual, steady rally in early 2024. As highlighted by the chart on the right, three-year senior C$ Bank BI credit spreads tightened by another 2bps in April. The consistent tightening of a few basis points each month has culminated in an 11bps rally year-to-date.

Considering the market uncertainty surrounding inflation, the economy, and central bank policy, as well as the current level of credit spreads, the investment team continues to favor a more defensive portfolio position. Although the investment team does not anticipate a sudden widening or weakening in credit spreads, current spreads are at their lowest, or most expensive, levels since the end of 2021. Asset prices rarely move in a straight line, and although the rally in credit spreads over the last six months has been notable, the investment team anticipates IG spreads will experience a pullback in the next few quarters. The team remains convinced recent profit taking has been the prudent choice for investors and historic spread ranges are supportive of this view.

Our average maturity has been reduced further to 1.5yr, down from 1.7yr last month and 2.7yrs end of April 2023. The investment team prefers to be patient and maintain significant portfolio flexibility to add risk when spreads widen to more cost-effective, or cheaper, levels.

Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
Arrow EC Income Advantage Alternative Ser FD	10.46	5.56	5.45	3.95	4.00
East Coast Investment Grade II Fund Cl F	15.62	8.64	9.00	7.12	6.83

Returns as of April 30, 2024

The inception date of the Arrow EC Income Advantage Alternative Fund (formerly East Coast Investment Grade Income Fund) was April 26, 2012. On June 26, 2020, the East Coast Investment Grade Income Fund (TSX: ECF.UN) was converted from a closed end fund into an open-end alternative mutual fund, renamed Arrow EC Income Advantage Alternative Fund and delisted from the TSX. Details of the conversion are outlined in the information circular which is available at www.sedar.com. Unitholders of Fund had their units redes¬ignated as Series FD Units. The inception date of the East Coast Investment Grade II Fund is April 1, 2013.

Commissions, trailing commissions, management and performance fees and expenses all may be associated with mutual fund and exchange-traded fund (ETF) investments. Please read the prospectus and Fund Facts for Arrow EC Income Advantage Alternative Fund carefully before investing before investing. Offering of securities in the East Coast Investment Grade II Fund are made pursuant to a Confidential Offering Memorandum (OM) only to those investors who meet certain eligibility or minimum purchase requirements. Important information, including this fund's fundamental investment objective is contained in the OM which may be obtained from Arrow Capital Management Inc. Please read the OM before investing. Unless otherwise indicated, 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 and ETFs are not guaranteed, their values change frequently and past performance may not be repeated. You will usually pay brokerage fees to your dealer if you purchase or sell securities of an ETF on recognized Canadian exchanges. If the securities are purchased or sold on these Canadian exchanges, investors may pay more than the current net asset value when buying securities of the ETF and may receive less than the current net asset value when selling them.

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, our sub-advisor East Coast Asset Management, and the portfolio manager believe to be reasonable assumptions, neither Arrow Capital Management nor East Coast Asset 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 un¬dertaken, 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 Arrow EC Income Advantage Alternative Fund and East Coast Investment Grade II Fund (the "Funds") as compared with the historical performance of a widely quoted market index or a weighted blend of widely quoted market indices or other investment funds. There are various important differences that may exist between the Fund and the stated indices or other investment funds 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. Published May 2024.