

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

Performance

May 31, 2024

Arrow Long/Short Alternative Class (F Class):

WTD 0.14%
MTD 0.41%
YTD 4.22%

S&P TSX Composite

WTD -0.23%
MTD 2.56%
YTD 6.25%

S&P 500:

WTD -0.55%
MTD 4.79%
YTD 10.65%

Fund Commentary

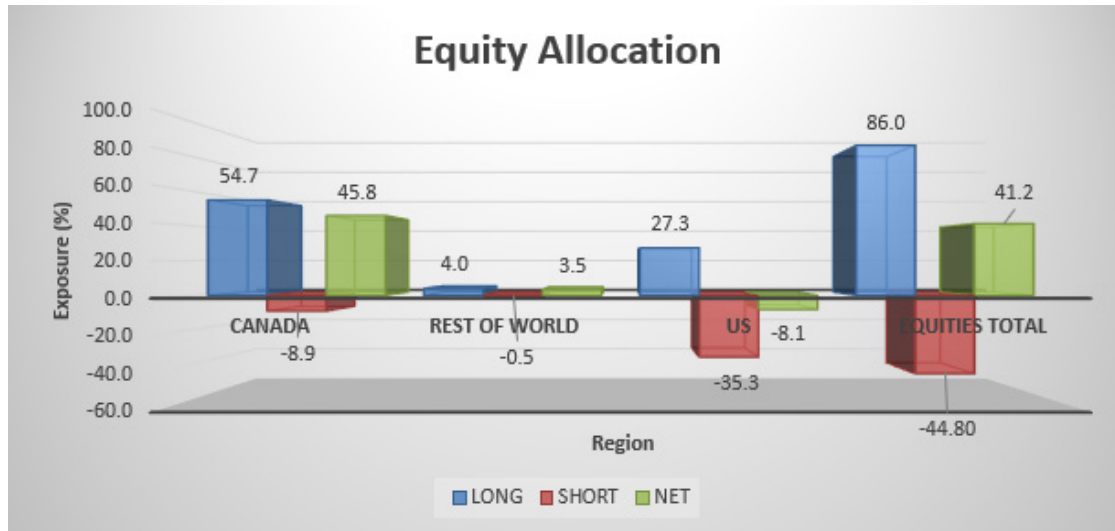
Last week, we saw some reversion in markets, with small caps outperforming large. Most notably on Thursday, IWM outperformed QQQ by 2%, with Salesforce's (CRM) earnings hitting the broad software space. CRM and IGV (Software ETF) were down ~20% and ~6% respectively on the day. By extension, we started to see momentum wane in many recent winners – whether it be AI, Copper, or Industrials. Megacap continues to hold in ok for now, with NVDA still leading the way.

As we concluded the second month of the second quarter, it has become clear that the market is rotating into utilities. The XLU is up 10.7% since the beginning of the second quarter, while the SPX is up 82 basis points. As we have previously mentioned, the AI trade has begun to manifest itself in the utility sector, as investors realize the power requirements of AI data centers. We still favor this trade, though we acknowledge that it is not as under-the-radar as it was a few months ago and the group may need to consolidate. Below are a couple of more articles from last week that speak to the theme.

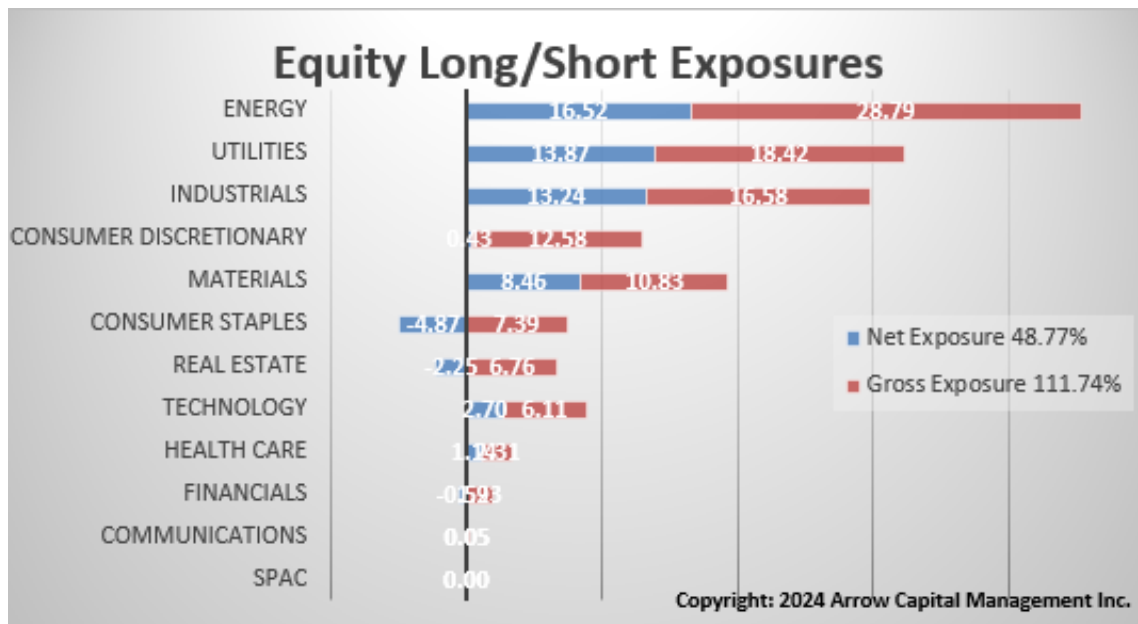
<https://calgaryherald.com/opinion/columnists/varcoe-alberta-canadian-leader-ai-data-centres>
<https://www.wsj.com/articles/silicon-valleys-coming-energy-crisis-e8229738?st=te8d3w2itzo8w0h>

This week, we will receive ISM data in the U.S. and payroll data on Friday – these series are likely to inform the near-term path of U.S. yields. In Canada, we will get PMI data and employment data.

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 May 31, 2024

	1-Year	3-Year	5-Year	10-Year
ALSAC - Series F	4.61%	2.72%	10.00%	7.41%

Published June 3, 2024

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

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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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.