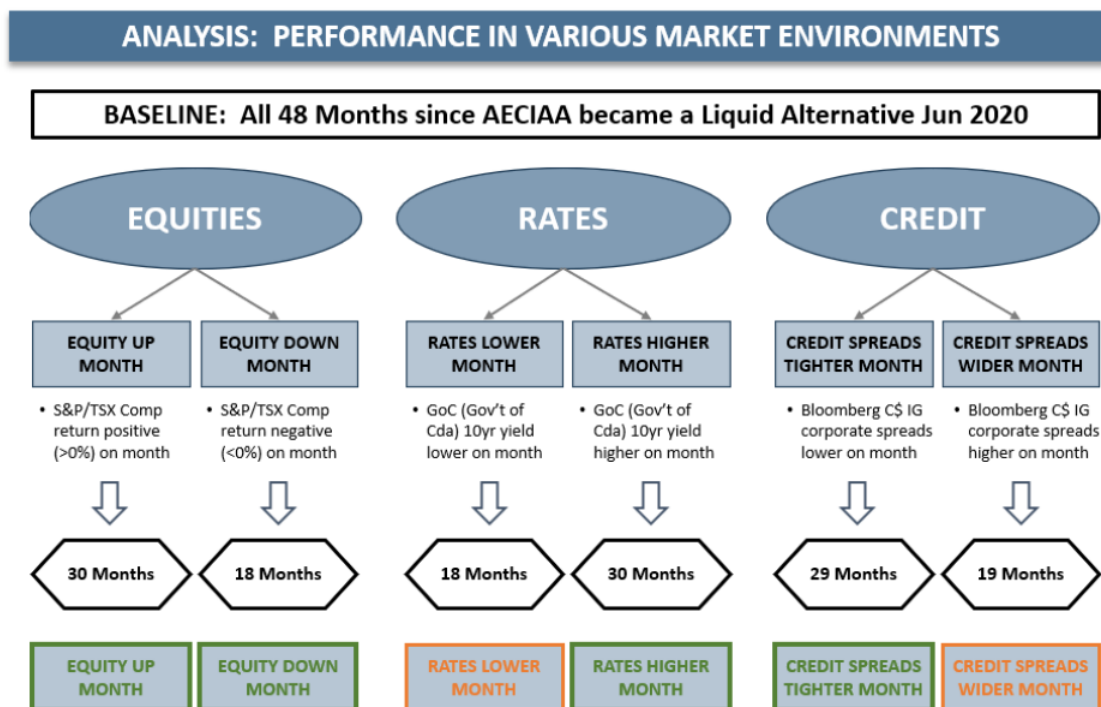


Data showing a reduction in inflationary pressure helped rates rally and equities rebound in May as central bank rate cuts became more likely across many of the G7 nations. US equities (S&P 500) rallied 4.96% and Canadian equities (S&P/TSX Composite) rallied 2.77%. Interest rates rallied 15-20bps with Canadian 10yr GOC 19bps lower and US 10yr TSY 18bps lower by end of the month. Investment grade credit spreads diverged slightly - US IG credit spreads rallied 2bps while Canadian IG credit spreads weakened 2bps. Even with wider Canadian spreads, East Coast still delivered another consistent, positive return for investors.

## WHAT HAPPENS NEXT: ANALYSIS OF PERFORMANCE IN VARIOUS MARKET ENVIRONMENTS

Given the high degree of uncertainty in financial markets, the team decided to conduct a detailed performance analysis of various assets and fixed income funds across different market environments. This analysis will be presented in greater detail during Q2's webinar; however, we wanted to give a sneak peek of returns in this investor update. The baseline performance represents the return summary (total return (%) and average monthly return (%)) of all 48 months since AECIAA inception as a liquid alternative product in Jun 2020. The performance was then analyzed in specific market environments to see the change in returns relative to the baseline and other investment options. Below is a definition of the filters the team used to analyze the return streams in different market environments.



## BASELINE PERFORMANCE: RETURN SUMMARY OVER ENTIRE PERIOD (48 MONTHS SINCE JUN2020)

The baseline chart at right on the next page shows the return summary for all months of returns since AECIAA inception as a liquid alternative in Jun 2020. This 48-mos period encompasses both bull and bear markets and represents investors net return experience of the strategy relative to various fixed income investments including HY, Gov't & corporate indices and popular bond funds.

Understanding the Return chart:

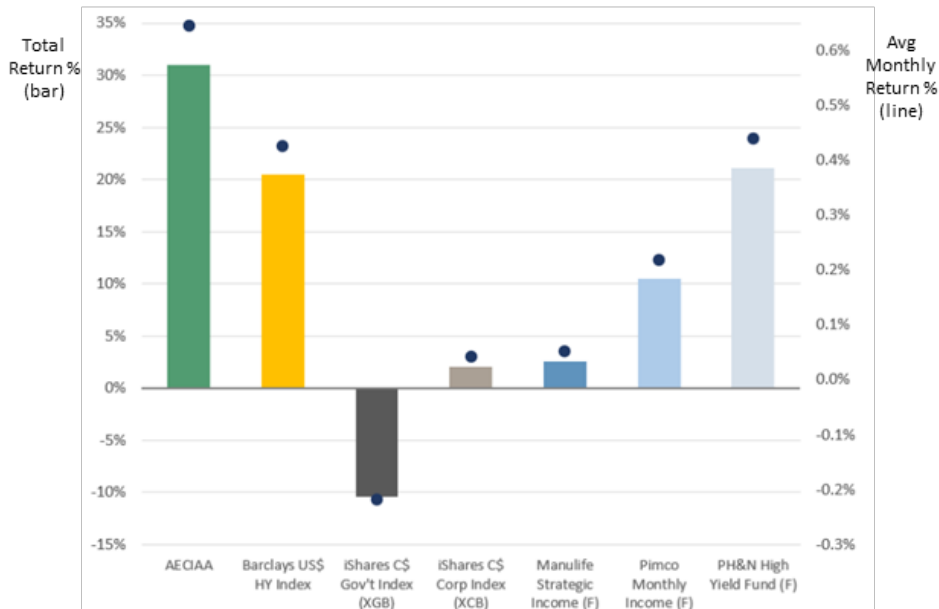
- The bars indicate the total return (%) over the period and use the left-hand side (LHS) axis

- The dark blue dots show the average monthly return (%) over the period and use the right-hand side (RHS) axis

Performance Comparison:

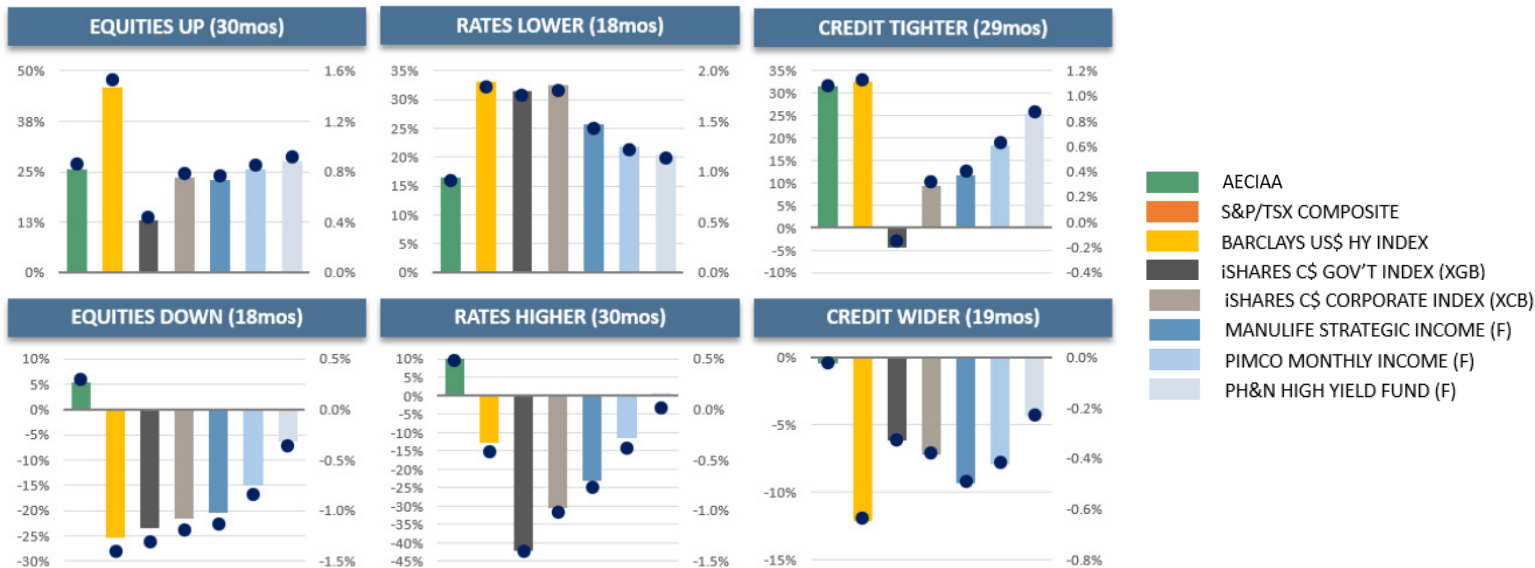
- The strategy outperformed all major fixed income indices and popular investment ETFs/funds
- AECIAA returns an average +0.67% monthly return to investors and over 30% total return (not compounded) since Jun 2020.
- US\$ High Yield was the second-best performing fixed income asset class we analyzed but it delivered only 0.43% on average each month and 20% total return (not compounded) since Jun 2020.

Baseline: Total Return % and Average Monthly Return % (48 mos)  
Morningstar, Bloomberg



PERFORMANCE ANALYSIS: RETURN SUMMARY OVER VARIOUS MARKET ENVIRONMENTS

Similar to the baseline, the total return % bars (LHS) and average monthly return % dot/lines (RHS) were calculated in different market environments. The results are shown below, with the number of months noted in brackets where this market environment occurred.

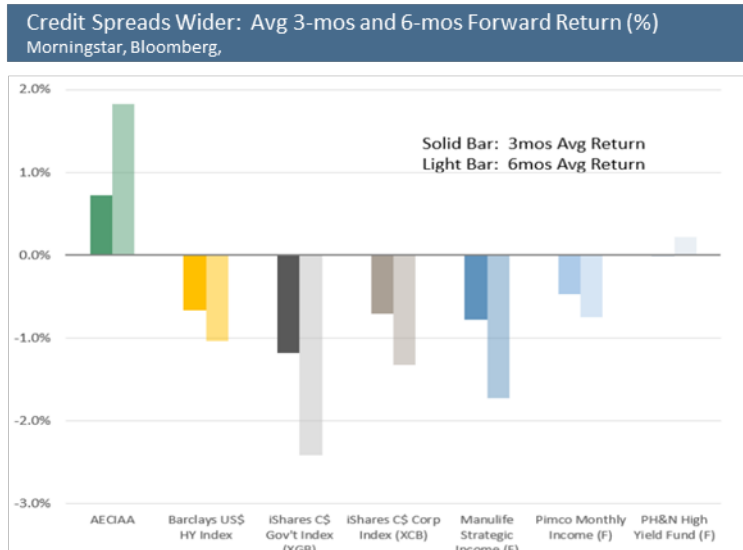
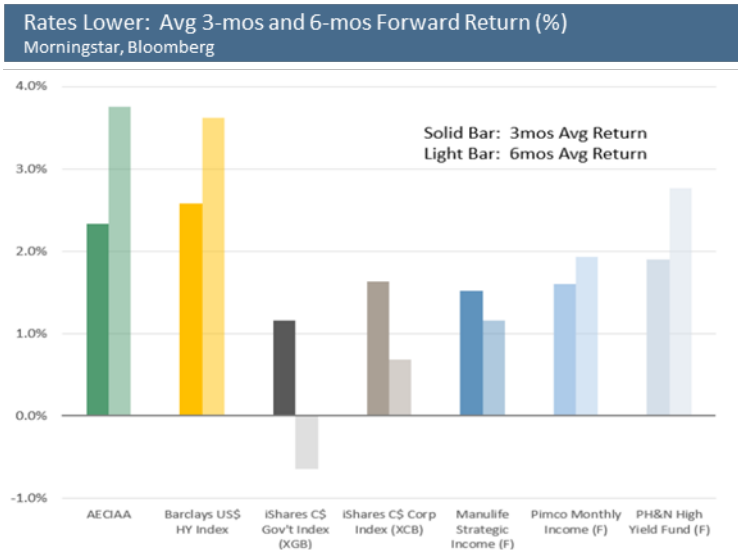


**EVEN IN MORE CHALLENGING MARKET ENVIRONMENTS, INVESTORS HAVE QUICKLY ACHIEVED BETTER RESULTS WITH EAST COAST**

As the charts above indicate, the strategy performs strongly in all market environments. It is worth noting the shockingly high positive correlation between equities and fixed income in the four-year period we analyzed. When equities are down, investors historically would expect fixed income – at a minimum government bonds – to rally. However, that has not been the case over the last 48 months.

East Coast investors are likely most interested in the return impact of two market environments - Rates Lower and Credit Wider – over the next year. Investors have experienced substantially better outcomes over the long term, as highlighted in the baseline analysis. Consequently, the team analyzed more challenging environments to better understand the potential impact on investor returns.

In a month when rates move lower or credit spreads move wider, even if the strategy’s return is slightly less for investors in that one month, investors quickly regain a more advantageous position. The analysis below looked at 3 and 6-month forward return periods (including the initial more ‘challenging’ month) to understand investor return experiences. In the chart below left, the dark shaded bars represent the average 3-month forward return from the rates lower month, and the light shaded bars represent the average 6-month forward return. For example, if interest rates were lower in June, the “rates lower” chart from above shows AECIAA generally returned 0.92% on average while the XGB (iShares C\$ Gov’t Bond ETF) generally returns 1.75% on average in months when rates move lower. However, the chart below left shows that by the end of August (3 months forward from the hypothetical lower rate month (Jun)), an AECIAA investor will, on average, have made 2.34% in the Jun/Jul/Aug 3-month period and 3.75% in the Jun-Nov 6-month period. The XGB (iShares C\$ Gov’t bond ETF) would have returned on average 1.16% Jun-Aug and only -0.65% Jun-Nov. The strategy has been able to outperform in virtually all market environments since inception. Even in months that are slightly less advantageous, the charts below show that investors have ultimately outperformed within a few short months.



**IT IS UNREALISTIC TO TRY AND “TIME” INVESTMENTS, ESPECIALLY IN THESE UNCERTAIN TIMES**

The strategy’s active mandate allows the investment team to structure the portfolio and provide investors with highly compelling returns, even in typically more challenging market environments. The performance analysis since Jun 2020, inception date of AECIAA as a liquid alternative, demonstrates that East Coast outperforms these major fixed income benchmarks, ETFs, and funds the majority of the time. In the few months that we underperformed, the periods were so short that it is realistically improbable to think that an investor could have created better returns owning the benchmarks

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instead of AECIAA, or by tactically moving in and out of AECIAA.

For an investor to have a better return experience than just holding AECIAA, they would have to correctly predict the AECIAA month of underperformance and then subsequently make the decision to sell the asset that outperformed AECIAA and repurchase AECIAA generally within 3 months. In our opinion, this analysis validates our active investment strategy approach which is “increases exposure at the most opportune time and decreases when risk is higher.” The performance data analysis shows that we have been making the correct market timing decisions for investors since AECIAA liquid alternative inception.

We believe investors who want consistent outperformance in their fixed income bucket need to own AECIAA in all market environments. AECIAA prospective investors should not be too concerned about when to enter the strategy and it does not benefit investors to sell it. The historical data shows that investors would perform worse if attempting to time the very brief windows of AECIAA underperformance. The team seeks to have investors that understand the strategy and as the historic performance analysis indicates, investors can be confident in the strategy over the short and long term knowing the investment team works continuously to outperform during constantly changing market environments.

Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
Arrow EC Income Advantage Alternative Ser FD	10.36	5.64	5.54	3.99	4.02
East Coast Investment Grade II Fund CI F	15.79	8.84	9.09	7.22	6.88

Returns as of May 31, 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](http://www.sedar.com). Unitholders of Fund had their units redesignated 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 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 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 June 2024.