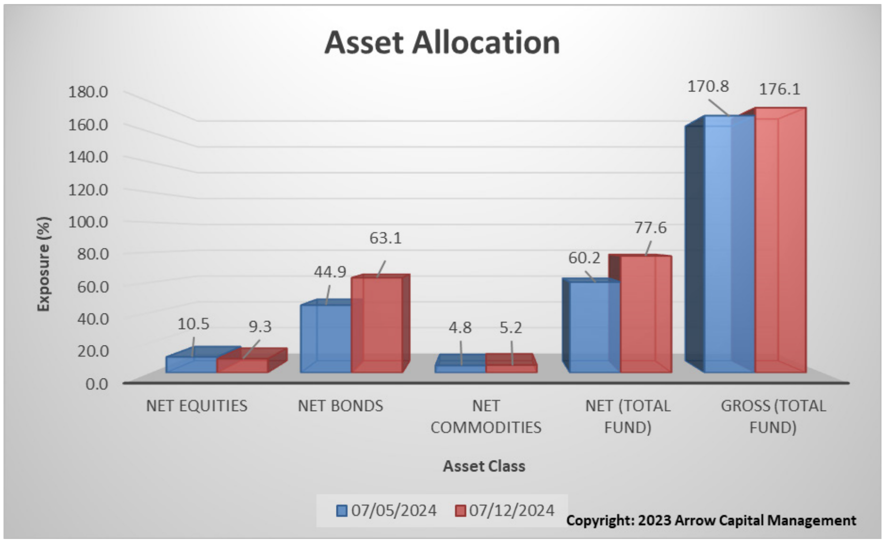

Weekly performance, macro context, current positioning, and future expectations.

Performance
July 12, 2024

Arrow Global Multi-Asset Alternative Fund (Series F):
WTD 0.23%
MTD 0.72%
YTD 4.12%

Global Market Summary
Last week's global macroeconomic data offered further support to the view that inflation continues to largely weaken across developed economies. Some Scandinavian inflation reports printed lower than expected before US CPI reaffirmed this pattern. Evidently, the US economy is finally exhibiting some of the signs of moderation that we have posited in recent weeks. That said, this is only being interpreted by markets as a path from a state of excess demand to one of more balanced activity. The very state that all central banks desire and which we have heard the Bank of Canada, amongst its peers, consistently articulate in recent communications. While there are few examples of policymakers easily achieving these implied soft landings, markets continue to lean towards this outcome. This is observed by the continued low volatility regime, the sustained sponsorship for particular risk assets -whether reflected in the continued robust demand for large caps or the ongoing bid to credit product – and, rather rapidly last week post US CPI, by the historically outsized move in IWMs. At one-point intraday last Thursday, small caps were beating the Nasdaq 100 by 575bps! Positions were clearly at extremes and, as we have seen on other occasions this year, technicals can very quickly overwhelm and dominate price action. "Under-owned" assets, or sectors, have been prone to these sudden rapid re-pricings all year when positions become too extended.

This equity risk sentiment broadening is reflecting the emerging view that the data trend is providing the Fed, and most other developed economy central banks, with the opportunity to continue to move rates lower from restrictive inflation-adjusted levels. We note that some leading Wall Street economists have started to move December Fed cut forecasts nearer, with the September meeting now gaining support. This is consistent with the view we have previously shared with our readers where we are positioned for a cut on September 17. Moreover, we consider the developing pattern of US data to be a non-trivial development from the Bank of Canada's perspective too, where domestic weakness is already top of mind and so we anticipate the BoC easing 25bps in July, which currently markets discount at about a 50% chance. We remain broadly negative on CAD with our continued tactical advocacy for bullish AUDCAD, as well as thematically using options in defined downside structures, to position for a steady erosion in CAD vs USD over the medium-term horizon.

Our portfolio continues to tactically lean long bonds though, in hindsight, we should have been more aggressive with this view ahead of CPI and, accordingly, used weakness after last Friday's headline PPI to recommit. Importantly, we anticipate further signs of consumer softness in this week's US data; earnings season reports to suggest moderating activity as well as the potential for Fed speakers to offer some encouragement on the policy front considering the data development. Last, our interpretation of market positioning signals indicates that further strength in bonds will invoke disproportionately greater buying than would renewed weakness in prices by key constituents, namely CTAs and momentum players.

Away from developed markets we have begun allocating to Chinese stocks (FXI) as we anticipate, much like we did before the Spring rally in China, that new policy encouragement will be forthcoming as the Third Plenum policy meeting takes place this week. Interestingly, fund flow data shared by a global counterparty highlighted that mainland China saw strong net inflows in the week ending July 10, driven by domestic rather than foreign buyers.

Thanks,
Arrow Investment Team

Historical Performance – As of June 30, 2024

	1-Year	3-Year	5-Year	ITD
AGMAAF - Series F	4.46%	0.74%	3.38%	2.88%

Published July 15, 2024

Effective June 25, 2024, Arrow Global Multi-Asset Alternative Class was merged into Arrow Global Multi-Asset Alternative Fund as part of the corporate class fund merger. Effective June 15, 2023, the Fund was renamed Arrow Global Multi-Asset Alternative Class (formerly Arrow Global 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.