

In June, government bond yields rallied 10-20bps across the curve in both the US and Canada. US equities (S&P 500) closed 3.6% higher in June, while weakness in energy resulted in Canadian equities (S&P TSX Comp) weakening by 1.4% for the month. Investment-grade (IG) credit spreads weakened in June, with US IG spreads widening (weakening) by 8bps and Canadian IG spreads widening (weakening) by 4bps.

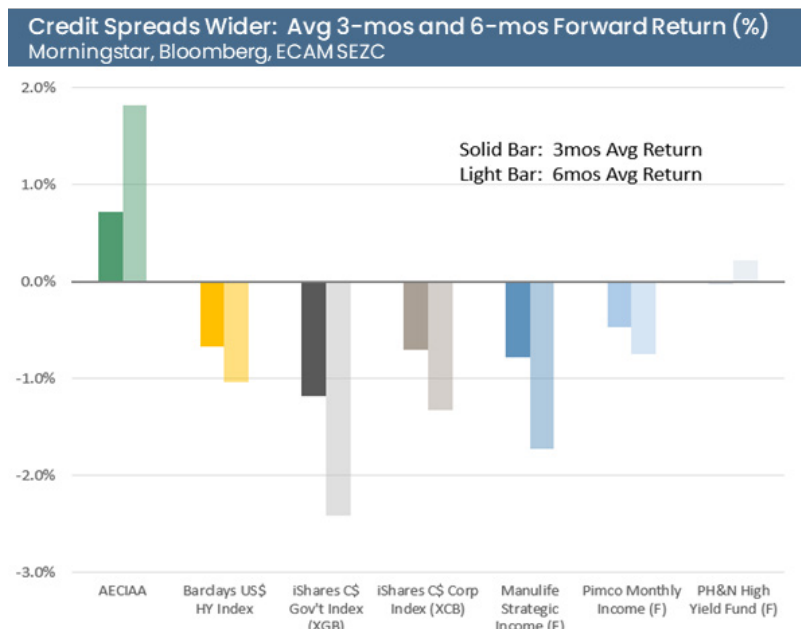
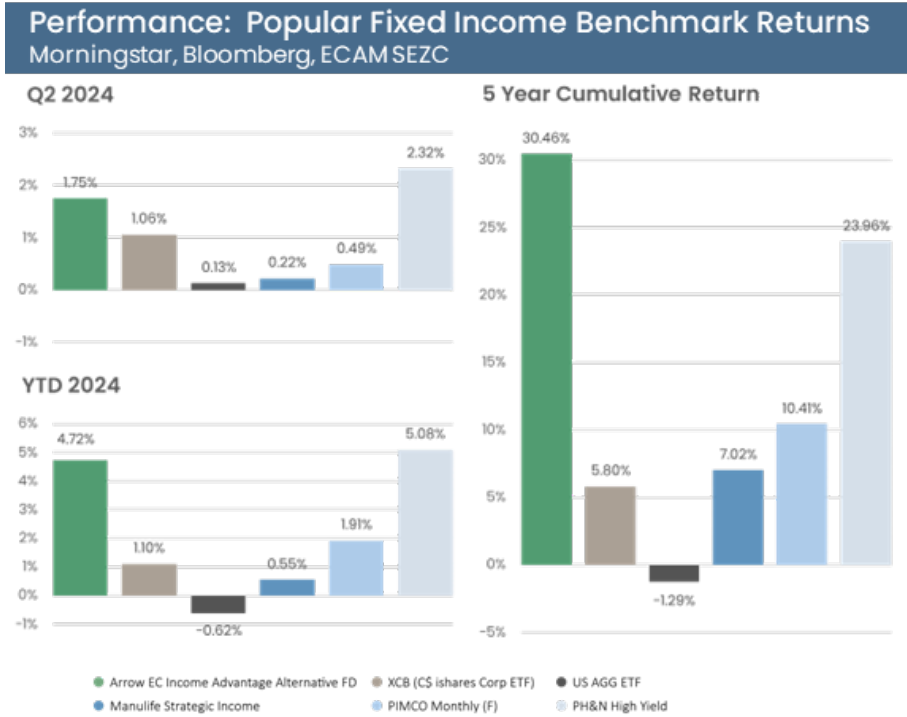
Despite weaker credit spreads in June, the strategy posted another positive return month and closed the quarter on a strong note with Q2 returns exceeding 1.7%. Year-to-date returns continue to be robust, and longer-term (5-year) return statistics show continued investor outperformance relative to fixed income benchmarks (indices) and popular fixed income funds.

With much market uncertainty, the AECIAA strategy has a very compelling return profile—even in market environments where East Coast may underperform in a single month, the strategy quickly outperforms again within a short 3-6 months (including the initial month). This analysis suggests it is unrealistic for investors to try and time an investment. The strategy has outperformed over the long-term, as well as the short-term (3-6 months), even in typically tough IG credit markets.

Since AECIAA inception in June 2020, returns have historically provided investors with a stronger return experience than other Canadian asset classes and popular fixed income investments. In June, investors received another positive return during what would typically be considered a challenging market environment with weaker (wider) credit spreads. The chart at left shows the average 3-month and 6-month forward returns from, and including, the month of weaker (wider) credit spreads.

Volatility is likely to continue as financial markets reprice their expectation for timing and magnitude of central bank policy easing. Canada took the first step with a 25bp cut; however, the US Federal Reserve has yet to make the first policy cut as yet.

If credit spreads weaken (widen), the investment team stand ready to add credit exposure (risk) at cheaper levels. While the investment team aims to deliver a positive return experience each month, historic return analysis acts as a reminder that even in more challenging market environments, such as weaker spreads, investors have quickly regained a more advantageous position relative to other asset classes and fixed income funds.



Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
Arrow EC Income Advantage Alternative Ser FD	10.10	5.76	5.46	4.01	4.03

Returns as of June 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 redesignated as Series FD Units.

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. 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.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or construed as an endorsement or recommendation of any entity or security discussed. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

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 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 July 2024.