



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

Performance

November 8, 2024

Arrow Global Multi-Asset Alternative Fund (Series F):

WTD -0.17%

MTD -0.07%

YTD 4.95%

Global Market Summary

The global health crisis and the Russian war on Ukraine exposed material fragilities in the global economy and its infrastructure. Due to these regime changing developments, public policy mix adapted dramatically and, with that, so have many market structures. Readers should note that we are only at the beginning of this journey and the necessary tools and strategies required to successfully navigate this new path are rapidly changing and evolving. As an investor, it is not a time to stand still and assume that what happens ahead will look like what came before. Equity market participation shifts and new product origination reflect these fundamental shifts.

Consistent with this framework, markets are now encountering the next phase in this evolution, and this appears to be characterized by a marked focus on fiscal policy levers. New US political developments will usher in a renewed focus on tax cuts and tariffs while the recent actions of China and the UK will deliver additional and meaningful stimuli too. We also anticipate a similar course of action to be followed by Japan, likely before year's end. These are non-trivial decisions in major economies in response to many of the failings that cumulative events and insufficient and inequitable policy action have engendered. We view these as profound choices as they represent a distinct change from the neoclassical economics that defined economies from the 1980s until the commencement of this decade. Initially at least, global growth should experience supportive tailwinds. Accordingly, the application of monetary policy and inflation targeting will be rendered more challenging against this new backdrop. Asset price behaviour and multi-asset correlation will become less predictable. This thesis and understanding of how these policies will interact with markets is fundamental to our ongoing philosophy regarding portfolio construction and risk management in the multi-asset space.

We anticipate these shifts manifesting throughout the multi-asset space. Several of our longer-term strategies in FX

already reflect these macro views. We have structured bullish exposure to the Japanese Yen against several currencies including USD, Euro & AUD as we believe that the domestic economy in Japan is achieving escape velocity while expansionary policies elsewhere will also serve to underpin this potential. Our research in Asia suggests too, that China is serious about meeting its economic challenges and will confront US policy implications with domestic pro-growth initiatives. Therefore, we remain long exposure to local equities. Within equities in general across borders, we expect to see rotation and for market leadership to undergo some significant changes. In the immediate aftermath of the election as clarity took hold, we saw early signs of this as Tech underperformed. Expect more of the same.

However, in this global context, Europe and particularly Germany stands out as something of an outlier. France has been under pressure since its elections earlier this year to tighten its budget while Germany is defined by its fiscal prudence and mercantilist economic model. Recent unease in German industry (e.g., automakers) amidst external competition, dogmatic monetary policy guidance by the ECB and rigid adherence to economic ideology risk encumbering Germany at a time when a new playbook is likely needed and one which other countries – as above – are undoubtedly using for game management. The political friction arising in Germany and the recent comments from former ECB Chair Draghi are warning signs. In the interim, we continue to like selling the Euro on strength.

Tactically post the US election, where we had positioned for rotation in equities both in US and globally, we unwound bullish exposure to proxies such as KRE and IWM. In addition, we closed our short in the Chinese Yuan.

Thanks,

Arrow Investment Team

Historical Performance – As of October 31, 2024

	1-Year	3-Year	5-Year	ITD
AGMAAF - Series F	4.57%	1.01%	3.71%	2.99%

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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).

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