ARROW EC INCOME ADVANTAGE ALTERNATIVE FUND
november 2024

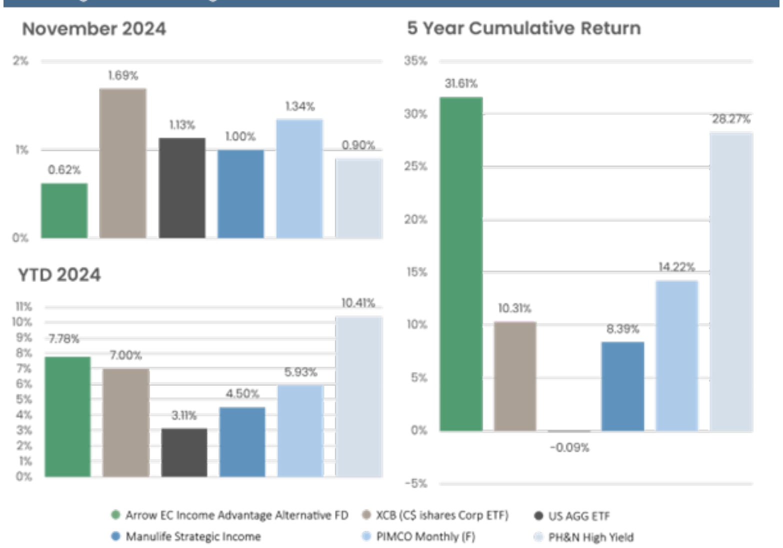
Equity markets experienced a significant rally in November, primarily driven by Donald Trump's victory in the U.S. election, securing a majority in both Congress and the Senate. Markets are anticipating that Republican policies—such as tax cuts, a nationalist trade agenda, foreign duties, and expansionary fiscal measures—will fuel economic growth and propel markets to higher levels. U.S. equities (S&P 500) closed the month up by +5.87%, while Canadian equities (TSX Composite) gained +6.37%. Although the Federal Reserve cut rates by 25 basis points in November, rates rose after the election as the potential inflationary effects of Trump's fiscal policies raised concerns that the Fed's rate-cutting cycle may be short-lived. By the end of November, expectations for further rate cuts were reduced to just three cuts (75 basis points) in the U.S. over the next 12 months. Both U.S. and Canadian interest rates still saw gains by month-end, with government bond yields on both sides of the border closing 2-15 basis points lower (prices higher) across the yield curve. Investment-grade credit spreads also participated in the November rally, with U.S. IG credit spreads tightening by 5 basis points and Canadian IG credit spreads narrowing by 8 basis points.

Interest rate volatility remains significant, with traditional fixed income recovering October's losses after benefiting from November's interest rate rally. A high degree of uncertainty persists as all eyes are on the U.S. and Trump's upcoming presidency. U.S. domestic and foreign policy, along with responses from other countries, are likely to keep both equity and fixed income markets volatile.

The favorable fixed income market forecasted for 2025—previously driven by expected central bank rate cuts and easing inflation—has now become uncertain. As mentioned earlier, rate cut expectations have been scaled back due to renewed inflationary pressures. The direction of interest rates will remain unclear until the full impact of Republican policies is better understood.

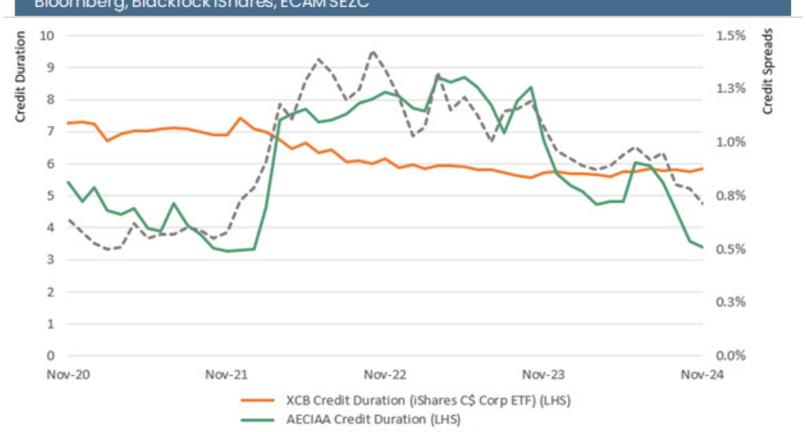
Equity and risk markets, in general, have been buoyed by election results and the perceived economic soft landing. However, AECIAA's portfolio managers believe the economic outlook is much more uncertain and continue to prefer higher-quality, lower-risk credit in this market.

Performance: Popular Fixed Income Benchmark Returns
Morningstar, Bloomberg



The charts on the right above illustrate 2024 returns, as well as longer-term (5-year) performance, reflecting the investor experience of historically higher returns and significantly lower volatility compared to traditional fixed income.

Passive C$ Corporate Index (XCB) vs Active AECIAA Strategy: Credit Duration CS01
Bloomberg, Blackrock iShares, ECAM SEZC



As mentioned in last month's investor update:

"The investment team structures the portfolio to give investors greater exposure to credit (more risk) when spreads are wide and attractively priced. In more expensive environments, like the current one, the team reduces overall credit (risk) exposure and upgrades the credit quality. Higher credit quality aims to protect investors when spreads weaken and revert to the historical average. "

The chart on the left illustrates this concept by comparing the credit duration of a passive index (represented by the orange line) — specifically, the iShares XCB (C$ Corporate ETF Index) — to the credit duration of the active AECIAA strategy (represented by the green line). Currently, the strategy has a lower duration, or risk exposure, than the XCB corporate index, as the green line is positioned below the orange line. Investors should note that our strategy's duration, or market exposure, is actively managed to increase risk (higher duration) when credit spreads (the grey dotted line) are wider (cheaper) and to reduce risk (lower duration) when credit spreads are tighter (more expensive). We believe that this active management is the primary driver of our outperformance vs the peer group.

The investment team still believes investors are not currently being appropriately compensated for holding lower-rated, higher-risk exposure. The investment team will remain patient and only look to increase credit duration (or risk) when spreads widen, or cheapen, to levels that provide investors with better compensation for taking on additional risk exposure.

Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
Arrow EC Income Advantage Alternative Ser FD	9.44	6.64	5.65	4.55	4.13

Returns as of November 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 redes¬ignated 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 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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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 December 2024.