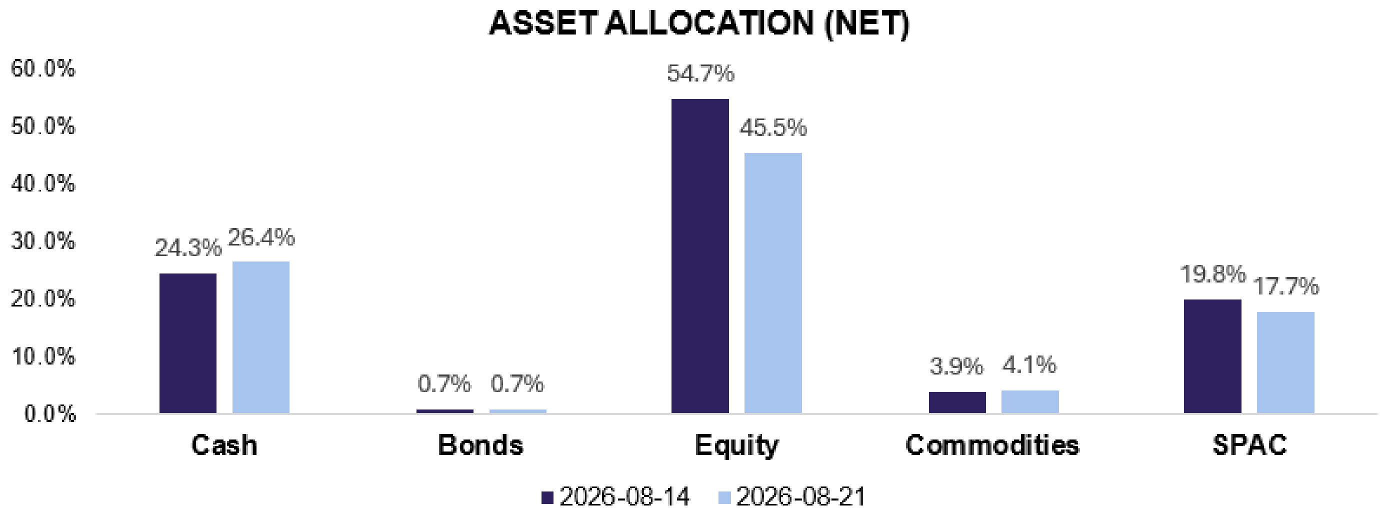
ARROW LONG/SHORT ALTERNATIVE FUND
commentary - Week ending August 21, 2026



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

Performance

August 21, 2026

Arrow Long/Short Alternative Fund (F Class):

WTD 0.64%
MTD 2.76%
YTD 10.82%

S&P/TSX 60 (XIU ETF):

WTD -0.84%
MTD 3.03%
YTD 16.95%

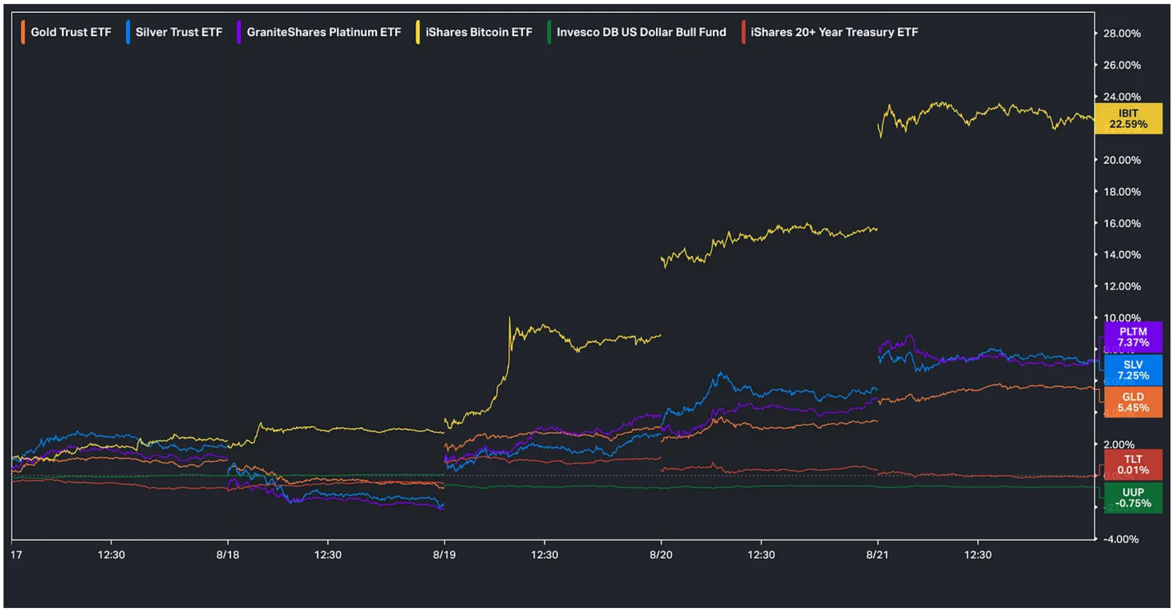
S&P 500 (SPY ETF):

WTD -1.37%
MTD 2.50%
YTD 12.88%

Fund Commentary

The dominant story last week was Bessent's intervention in the Treasury market. On Wednesday, the Treasury Department announced it would expand its bond buyback program and doubled down with rhetoric through the week. While the initial reaction was a swift move down in yields, as the dust cleared, they reverted back to levels prior to the announcement. I'm not sure that's what Bessent was looking for. Our interpretation is that Bessent is clearly uncomfortable with where long rates are and is getting more aggressive on interventions... we saw this earlier in the Summer with the Yen. The question now is whether this is a "don't fight the Treasury" moment, where the administration will be able to cap yields, or if the bond vigilantes will test Bessent's resolve and force his hand further. We suspect the latter.

Besides yields, the most notable market moves last week were in Bitcoin and Metals. The "debasement" trade came back in full force post the Bessent announcement, and this time Bitcoin joined the party (see chart below for last week's performance). Bitcoin reminds us of Gold a few weeks ago, as positioning had been getting pretty washed out, and it didn't take much for flows to reverse. Bitcoin ETF's saw almost $2B in net inflows last week, the strongest weekly performance in 10 months. Many of the ecosystem names have been completely bombed out through the recent crypto Winter, but we see some tactical opportunities here as we don't see the debasement narrative going away anytime soon.



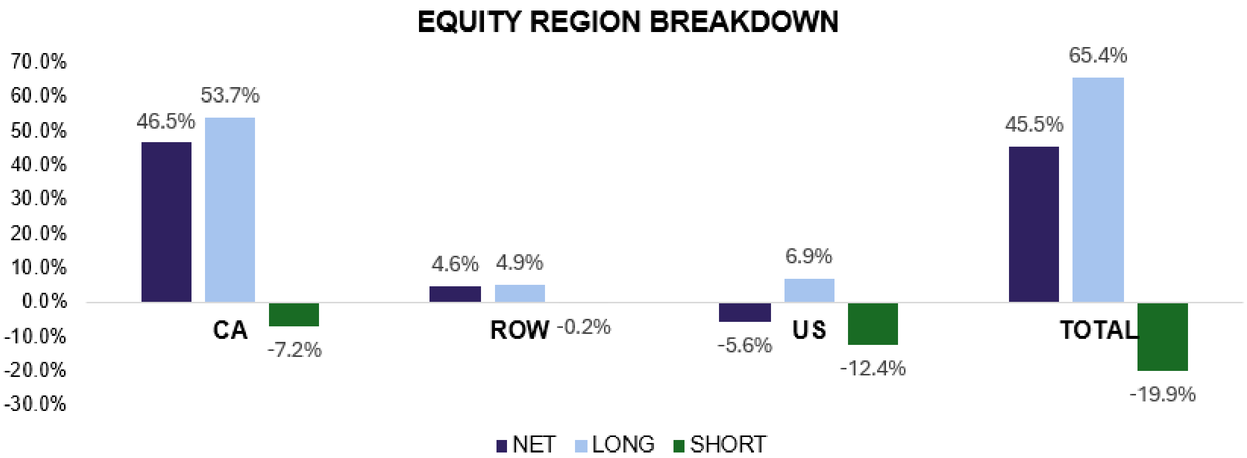
Source: Eliant Capital

Within the portfolio, we have started to take some risk down for several reasons. The first of which is the bond volatility that we mentioned earlier. Moreover, as we enter the Fall, there are a number of events that could provide added angst. Namely:

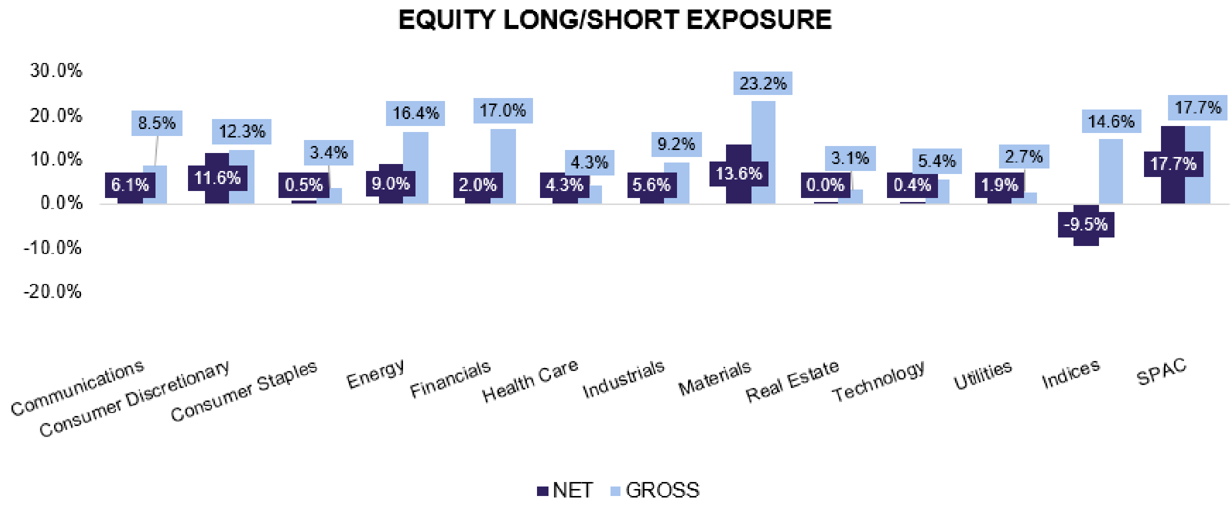
- Jackson Hole (later this week) - Warsh credibility continues to be key focus
- FOMC (September) - probability of rate hike is now below 50%
- Anthropic IPO (October) - if SpaceX is a guide, there could be a market hangover post - also a big sentiment factor for AI and market broadly
- Seasonality (Sept/Oct) - generally volatile months historically and even more so in mid term years

We are not turning bearish, especially in our core positions, However, we see prudence in taking advantage of cheap hedges, especially in light of potential for near term event risk.

Equity Allocation (% Total Portfolio including Futures)



Sector Exposures (% Long / Short Portfolio of individual companies)



We look forward to reporting back next week.

Thanks,
Arrow Investment Team

Historical Performance – As of July 31, 2026

	1-Year	3-Year	5-Year	10-Year	ITD
ALSAF - Series F	20.43%	10.43%	6.50%	8.75%	9.63%

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Effective June 25, 2024 Arrow Long/Short Alternative Class was merged into Arrow Long/Short Alternative Fund as part of the corporate class fund merger. Effective June 15, 2023, the Fund was renamed Arrow Long/Short Alternative Class (formerly Arrow Canadian Advantage Alternative Class).

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More information about the Fund can be found on our website www.arrow-capital.com.