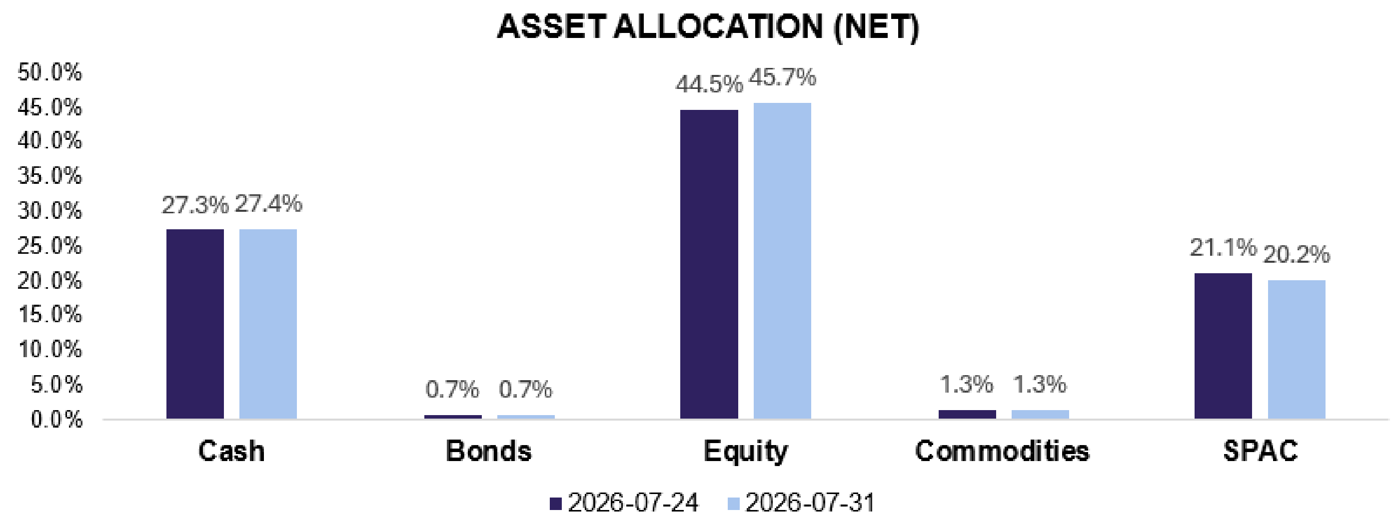
ARROW LONG/SHORT ALTERNATIVE FUND commentary - Week ending July 31, 2026



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

Performance

July 31, 2026

Arrow Long/Short Alternative Fund (F Class):

WTD -0.57%
MTD -2.12%
YTD 7.84%

S&P/TSX 60 (XIU ETF):

WTD 0.04%
MTD 1.83%
YTD 13.51%

S&P 500 (SPY ETF):

WTD 1.10%
MTD 0.03%
YTD 10.13%

Fund Commentary

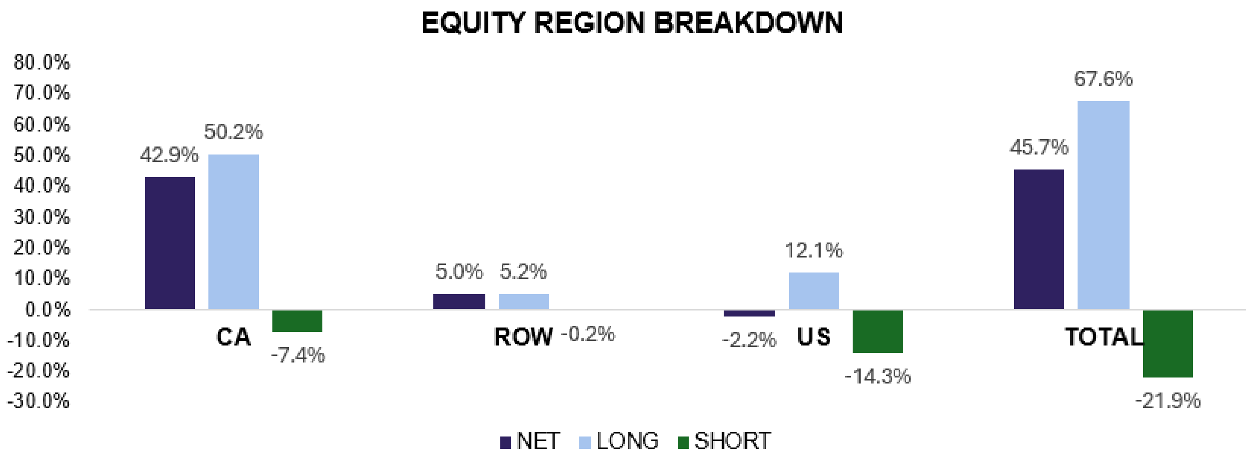
Dispersion continued to dominate the tape last week, with a flattish index return masking sharp, offsetting moves under the hood.

Once again, there was no shortage of news. The Fed meeting was quite interesting, as the committee held rates, but Chair Warsh continued to offer little added clarity on his reaction function. Warsh leaned into the notion that markets were tightening financial conditions and “doing some of the Fed’s job for it.” Markets didn’t seem to take this too kindly, as many considered it confusing and it re-introduced questions about Fed credibility - something the chair has been trying hard to rebuild. The bond vigilantes responded by taking the 30-year yield to its highest level since 2007, above 5.2%, while the front end fell as hike odds were pushed out. As a reminder, we view higher rates as the biggest risk to markets, as a disorderly move in the long end has the potential to break something.

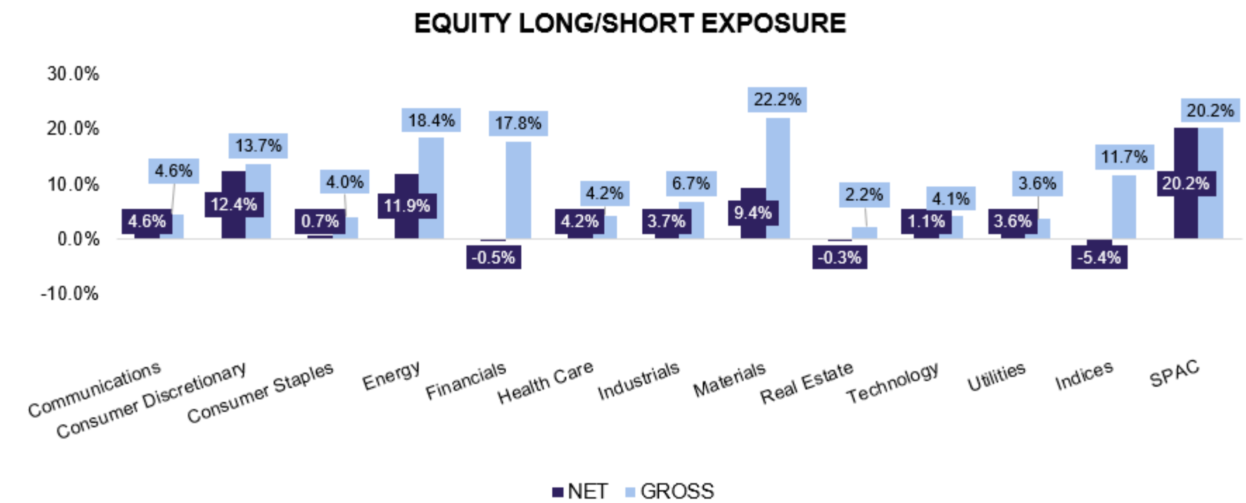
On Thursday morning, it was revealed that Citadel had bought the bulk of the public equity portfolio of Situational Awareness, an AI focused hedge fund run by 24 year old former OpenAI researcher Leopold Aschenbrenner, after the fund was issued margin calls by its prime brokers. As details emerged, the story was quite staggering. Situational Awareness had grown to more than $20 billion in assets after returning roughly 400%+ in the first half of 2026 - essentially going long AI and short software, 4x levered. Markets read the news as a short-term clearing event, removing a massive forced unwinder of positions, and we saw a violent reversion by week's end. This reminds us a bit of Archegos in March 2021, or even Long-Term Capital Management in 1998 - both of which proved to be buying opportunities.

Although last week may have marked a short-term bottom, we stop short of getting too aggressive given our concerns about the yield curve. That said, the fundamental backdrop remains supportive, and we continue to find attractive risk/reward opportunities in single stocks while balancing the top-down risks. Although most of the big U.S. names are now through reporting season, we look forward to a host of our core ideas that will report over the next two weeks.

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%

Published August 4, 2026

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).

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