

RECENT MARKET TURMOIL CREATES OPPORTUNITY

Europe's contagion finally spread to the core as even German Bunds widened against U.S. Treasuries. This latest stage of the crisis focused policymakers' minds and now some kind of fiscal union is on the agenda. The original euro membership criteria were supposed to exclude fiscally weak countries but lacked firm enforcement. Presumably, new measures will be more stringent. The trouble is how to grow out of all this debt while the economy is deleveraging. For the time being, though, markets have responded favourably to the prospect of coordinated policy response in Europe.

Investors should perhaps be thankful that the big mistakes of the 1930s have not been repeated, such as protectionism and unduly tight monetary policy. Even so, austerity measures may lead to a recession in 2012 in Europe or even the U.S. Ideally, short-term stimulus and serious long-term budget reform would help ease the way, but we expect policymakers to provide the exact opposite. So, as deleveraging continues in much of the developed world, investors can probably expect a series of rolling crises as ever-more pinched cash flows no longer meet the fixed obligations of the over-indebted.

The recent market turmoil created opportunity in high quality European shares as well as high yield and distressed debt. In future crises, investors should be prepared to deploy capital in key asset classes and then accept incrementally higher volatility than in the past. While post-crisis investing will be far more challenging than the previous 25 years, the silver lining could be very attractive average costs once this deleveraging cycle is finally over.

If you are an advisor or investor and want to learn how you can employ more actively managed strategies in portfolio construction, please contact us. Thank you for your support of Arrow.

Regards,

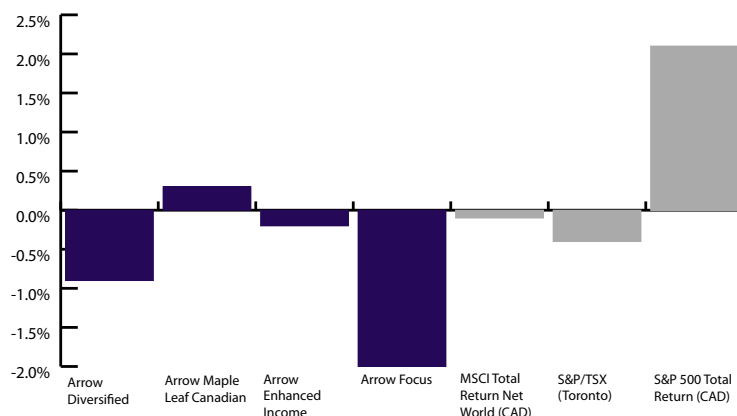


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Arrow Fund of Funds Class A Performance vs Index for November 2011



Arrow Diversified Fund

- We were down 0.90% as markets fell sharply in November to year lows (S&P was down -12.7% and TSX -16.9%) before a 6%+ rally in the last three days of the month.
- We were slightly down in three of the four strategy buckets as only the Macro allocation was positive. It is extremely difficult to trade this market as daily swings are quite high; for example, the Dow only had one day in November where it closed with less than a 100-point move.

Arrow Maple Leaf Canadian Fund

- We were up 0.32% for the month as the S&P/TSX was down 0.21% (still down approximately 7% on the year).
- Our event driven book lost money as markets sold off globally; we were well hedged and posted a positive month despite extreme volatility.

Arrow Focus Fund

- The Fund was down 2% as the resource allocation continued to hurt performance.
- Even though our event driven book was down, a positive month from RCM helped to offset this loss.

Arrow Enhanced Income Fund

- The Fund was slightly down 0.25% on the month; we lost money in U.S. and Asian fixed income.
- Our macro book had a positive impact on the fund as it was positioned for negative markets.

AS AT NOVEMBER 30, 2011

Fund	1 month	3 months	6 months	YTD	1 year	2 year	3 year	4 year	5 year	Ann. ITD*	Inception
Portfolio Series ¹											
Arrow Diversified Fund	-0.9	-3.9	-6.8	-7.9	-6.1	-0.2	2.8	-2.0	-0.8	2.5	January 1, 2002
Arrow Maple Leaf Canadian Fund	0.3	-3.9	-4.1	-4.9	-2.6					2.5	January 1, 2010
Arrow Focus Fund	-2.0	-6.2	-11.3	-13.3	-10.1	1.2	2.7	-3.7	-1.8	3.3	July 1, 2001
Arrow Enhanced Income Fund	-0.2	-3.0	-3.4	-4.2	-3.6	0.5	4.9	-0.6	0.3	0.5	January 1, 2005
Global Series ¹											
Enso Global Fund	-13.8	-37.2	-52.6	-61.7	-56.4	-17.8	3.5	-9.2	-5.9	0.8	July 31, 2002
Income Series Funds ¹											
Arrow High Yield Fund ³	-1.4	-2.6	-4.1	-0.9	1.1	6.6	9.8	6.9	5.8	5.2	January 1, 2002
COR U.S. Equity Income Fund	-2.0	-3.3	-2.9	0.2	4.3	3.8	15.9	-11.6		-9.9	March 1, 2007
East Coast Investment Grade Fund	-0.5	-1.3	-3.5	-2.7						-2.7	January 1, 2011
Marret Resource Yield Fund	-0.6	-3.7	-5.8	-3.5	-0.7	9.7	14.3	-0.3		-0.2	February 1, 2007
Raven Rock Income Fund	-1.1	2.0	-0.9	4.9	6.4					11.5	March 1, 2010
North American Series ¹											
Act II New Media Fund	-2.7	-7.5	-12.1	-6.0	-3.3	4.2	2.4			3.0	January 1, 2008
Curvature Market Neutral Fund	1.0	0.2	3.3	6.6	10.8	6.8				5.6	August 1, 2009
Goodwood Value Fund	0.0	-5.9	-15.4	-21.6	-20.4	-7.9	5.2	-11.0	-9.6	-0.2	June 29, 2001
RCM Opportunities Fund	2.3	0.7	-8.3	-5.9	-1.7					-0.9	May 1, 2010
SG U.S. Market Neutral Fund	1.9	5.0	2.7	6.2	7.5	2.6	-1.1	3.8		3.7	January 1, 2007
Principal Protected Notes ²											
Arrow Multi-Strategy Notes, Series 1	-0.1	-0.5	-1.3	3.0	4.7	4.7	6.0	-0.6	-0.9	2.2	June 30, 2003
Arrow Multi-Strategy Notes, Series 2	-0.1	-0.8	-2.1	1.7	3.3	3.5	4.7	-1.0	-1.2	1.2	October 31, 2003
Arrow Multi-Strategy Notes, Series 3	-0.6	-3.9	-6.5	-5.3	-4.0	-0.5	1.4	-2.8	-2.7	-0.3	March 31, 2004
Arrow Multi-Strategy Notes, Series 4	-0.4	-3.7	-5.4	-4.2	-2.8	-0.4	1.0	-3.2	-2.9	-0.2	June 30, 2004
Arrow Multi-Strategy Notes, Series 5	-0.5	-3.8	-5.4	-4.0	-2.8	-0.3	0.9	-3.1	-2.8	-0.5	October 31, 2004
Arrow Multi-Strategy Notes, Series 6	-0.9	-3.9	-5.8	-4.1	-3.3	0.4	1.6	-2.0	-1.3	-0.7	April 1, 2005
Arrow Multi-Strategy Notes, Series 7	-0.5	-2.9	-4.4	-2.7	-2.0	0.8	1.6	-2.0	-1.5	-0.8	September 1, 2005
Arrow Multi-Strategy Notes, Series 8	-0.5	-2.9	-2.5	-0.2	-0.1	1.3	1.2	-1.8	-1.7	-1.5	May 31, 2006
Arrow Global Long Short Notes, Series 1	-0.5	-1.9	-0.1	2.4	2.0	1.8	1.8	-2.8	-1.7	-0.8	March 31, 2005

¹ Performance returns on a percentage basis are net of all fees.

² NAVPS and performance returns for Multi-Strategy Notes and for Global Long/Short Equity Notes are net of all fees and are updated monthly.

* Returns for one year or less are the simple rates of return for the indicated periods. Returns for greater than one year are the compound rates of return.

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