

	1 mo	3 mons	6 mons	YTD	1 yr*	Ann. ITD	Cum. ITD
Curvature Market Neutral Fund ¹	(1.3%)	0.5%	2.4%	5.5%	10.1%	5.4%	12.5%
S&P/TSX (Toronto)	5.4%	(5.4%)	(12.1%)	(8.9%)	(3.3%)	5.8%	13.6%

¹ From August 1, 2009 to April 30, 2010, returns are for the Arrow C Multi-Strategy Fund (Class X), are adjusted to reflect Class A fees. In May 2010 the trust for Curvature Market Neutral Fund was created and the assets from the Arrow C Multi-Strategy Fund were transferred to the new trust. Both funds are managed with the same investment mandate by CHS Asset Management. Unless otherwise stipulated returns are net of all fees, in Canadian dollars, reflect class "A" units and assume reinvestment of all distributions. This document is not to be construed as a public offering of securities in any jurisdiction in Canada. The offering of units of the Fund is made pursuant to the Offering Memorandum only to those investors in all jurisdictions of Canada who meet certain eligibility of minimum purchase requirements. Important information about Arrow Funds, including statement of each fund's fundamental investment objective, is contained in their respective offering memorandum, a copy of which may be obtained from Arrow Capital Management Inc. Please read the applicable offering memorandum carefully before investing. The information and materials in this document are for informational purposes only. They are not intended as investment, financial or other advice. The information included in this document is not an offer to sell. While the information and material in this document are believed to be accurate at the time they are prepared, Arrow Capital Management Inc. (and its affiliates, subsidiaries or sub-advisors) cannot give any assurance that they are accurate, complete or current at all times. Past returns are not necessarily indicative of future performance. Actual results will vary. This document is confidential and is intended solely for the information of the person to which it has been delivered.

* Returns are annualized.

The Curvature Market Neutral Fund net return was -1.30% in October.

REFLEXIVE CHANGE REVIEW

October was a difficult market environment for Curvature's Change Strategies. The investment team is quite happy with the relatively small loss of 1.3% considering the strong run the fund has had over the summer period as other investment managers and risk assets generally had sharp declines.

Key winners in the month of October included Argonaut Gold and Lumina Copper long positions and GLG Life Tech and Hastings Entertainment on the short side. Going forward we continue to believe that the broader deleveraging that is occurring in the markets will continue to be a solid environment for Curvature's Market Neutral Change strategies. In fact, so far in November, the fund is up approximately 1.6%.

EVENT DRIVEN AND ARBITRAGE REVIEW

Curvature's Event Driven Strategy posted positive returns in the month of October.

Canadian mergers and acquisitions continue to be papered at a high level, despite the general risk asset malaise that is still pervading in the Canadian marketplace. Large announced deals in October included Daylight to be acquired by Sinopec, and Grande Cache to be purchased by a group including Winsway Coking and Marubeni. Both acquiring entities are Chinese or Hong Kong based, and will be subject to Investment Canada Act Approval – an Act that is expected to be addressed for amendments by Government in the next several months. Having said that, we view the assets as non 'strategic', and do not expect a replay of the Potash/BHP saga.

While there are a fair number of other Canadian merger arbitrage situations (PNG/Altagas, FMD/Cardinal, GYD/AEM, GM/NGD, AYY/BTO, MAI/UXG, among others), we have been very selective about

the deals in which we are involved.

In recent months we have seen more overbids than I can recall in such a short time span. To recap, Sterling Partners emerged as a white knight for Mosaid, trumping Wi-LAN's bid, Zarlink received a higher go-friendly bid from Microsemi, Grayd Resources received an increased bid from Agnico Eagle, and Hathor is the target of a current bidding war. 3 of these 4 situations were priced at a premium before higher bids occurred, so "arbs" (speculators), would have experienced losses in the absence of increased bids. Statistically, hostile bids are 10-25% less likely to culminate in a successful transaction than negotiated deals, depending on the time period and cross section of companies being analyzed. There is historically a relatively high degree of dealbreak risk in these types of transactions. With this environment in the rear view mirror, merger arbitrage spreads are unreasonably tight or negative in many cases, in situations where the potential for a higher bid is reasonably unlikely. Clearly, "arb" participants are direct descendants of Pavlov's drooling dogs.

Finally, the quality of assets being purchased is generally low, as evidenced by the two Chinese deals (DAY, GCE). The 'steady state' level of the common equity, that is, where the stock may trade if the deal were to break, is very low. Being the very risk averse traders that we are, and following the most important tenet of arbitrage: "limit your losses", we have reduced the number of deals in which we are involved, and the strategy weight has been reduced.

Thank you for your continued interest in the Fund. For further information, please contact your regional Arrow Capital representative.