

	1 mo	3 mons	6 mons	YTD	1 yr*	3 yr*	Ann. ITD	Cum. ITD
JC Clark Opportunities Fund <sup>1</sup>	0.4%	(7.2%)	(9.5%)	(13.4%)	(12.7%)	(0.5%)	(2.0%)	(8.0%)
S&P/TSX (Toronto)	5.4%	(5.4%)	(12.1%)	(8.9%)	(3.3%)	7.9%	(2.6%)	(10.3%)

<sup>1</sup>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.

North American equity markets were up across the board in October. In Canada, the S&P/TSX Composite Index increased by 5.40%. Meanwhile in the US, the S&P 500 was up 10.77%<sup>^</sup>, the DJIA increased 9.54%<sup>^</sup>, and the NASDAQ index finished 11.14%<sup>^</sup> higher for the month. Year to date, the S&P/TSX Composite is down 8.86%, the S&P 500 is down 0.35%<sup>^</sup>, the DJIA is up 3.26%<sup>^</sup>, and the NASDAQ has decreased 1.19%<sup>^</sup>.

The JC Clark Opportunities Fund increased its net market exposure to +57% (beta adjusted net exposure= +44%) during October and generated a gain of 0.4% on the month. Year to date the fund is down 13.4%. Fund positions in the consumer cyclical, basic materials, communications, energy & technology sectors were up for the month; while the industrial sector and index unit short positions were down. The Canadian and US long books generated gains for the month, however, the Canadian and US short books recorded losses. At the end of October the fund was net long in Canada (+40%) and net long in the US (+17%). Overall, approximately 54% of the fund was invested in Canada and 46% in the US. Net exposure stood at +57% at the end of the month due mainly to security-specific investment ideas, while gross exposure stood at approximately 121%.

After a weak September, equity markets rebounded in October on the back of improved U.S. economic data, strong initial Q3 earnings, and the announcement of a comprehensive European rescue package. While continued equity market volatility remains a concern, we believe that this episode of financial market turmoil will not be of the same magnitude as the 2008 crisis. Corporate balance sheets are strong, earnings growth has been impressive and equity valuation levels are near multi-decade lows relative to bonds. In fact, many large, blue chip corporations are trading at

only 10x earnings while providing 3%-4% dividend yields. Despite a somewhat constructive view on equities, we believe it is prudent to maintain a defensive stance during this period of elevated volatility. We remain net long but continue to hold significant hedges in the form of cash, short positions, and an approximate 3% weighting in gold and gold equities. As the true economic impact of the recent market instability and sovereign debt issues becomes more evident we plan to gradually adjust our positioning and add to security specific opportunities.

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

<sup>^</sup> Indices are denoted in US dollars.