



UNAUDITED FINANCIAL STATEMENTS

JUNE 2020

**ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS | ARROW GLOBAL ADVANTAGE
ALTERNATIVE CLASS**

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

Statements of Financial Position (Unaudited) As at

	June 30 2020	December 31 2019
ASSETS:		
Current Assets:		
Financial assets at fair value:		
Investments	\$58,755,256	\$90,803,832
Warrants	103,310	-
Options - long	527,246	-
Unrealized gain on forward currency contracts	-	279,136
Unrealized gain on futures contracts - long	115,993	-
Cash and cash equivalents	8,955,993	-
Margin deposits	12,837,697	14,230,213
Dividends receivable	56,230	94,007
Interest receivable	-	3,160
Receivable for investments sold	2,557,856	5,002,811
Receivable for redeemable shares issued	38,390	112,441
	83,947,971	110,525,600
LIABILITIES:		
Current Liabilities:		
Financial liabilities at fair value:		
Investments sold short	5,923,650	15,487,472
Options - short	8,740	974
Unrealized loss on forward currency contracts	129,016	-
Unrealized loss on futures contracts - short	295,093	-
Bank overdraft	-	9,574,602
Payable for investments purchased	2,509,090	5,877,143
Payable for redeemable shares redeemed	617,309	35,976
Dividends payable	1,622	18,004
Distributions payable	-	111,752
Other liabilities (note 10)	132,678	1,843,974
	9,617,198	32,949,897
	\$74,330,773	\$77,575,703
Net Assets Attributable to Holders of Redeemable Shares:		
Series A	\$27,028,180	\$29,332,800
Series F	\$44,215,240	\$44,254,351
Series L	\$3,087,353	\$3,988,552
Number of Redeemable Shares Outstanding: (Note 7)		
Series A	1,225,388	1,347,694
Series F	1,818,735	1,853,926
Series L	201,492	263,458
Net Assets Attributable to Holders of Redeemable Shares per Share:		
Series A	\$22.06	\$21.77
Series F	\$24.31	\$23.87
Series L	\$15.32	\$15.14

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Fund:

"James L. McGovern"

James L. McGovern, Director

"Robert W. Maxwell"

Robert W. Maxwell, Director

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

Statements of Comprehensive Income (Loss) (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
INCOME:		
Net Gains (Losses) on Investments and Derivatives:		
Interest for distribution purposes	8,978	15,802
Dividend income	411,887	582,936
Dividend expense on short sales	(53,155)	(149,050)
Securities lending income (note 9)	30,835	68,957
Net realized gain (loss) on investments and derivatives	16,059,639	7,204,871
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	(14,404,776)	5,920,235
	2,053,408	13,643,751
Other Income:		
Interest on cash	2,189	26,388
Foreign exchange gain (loss)	33,252	40,913
Net change in unrealized foreign exchange gain (loss)	(64,699)	(984,259)
	(29,258)	(916,958)
Total Income (Loss)	2,024,150	12,726,793
EXPENSES:		
Management fees (note 10)	390,888	477,894
Performance fees (note 10)	56,481	1,194,327
Shareholder reporting fees	148,038	178,379
Interest expense	48,920	15,748
Audit fees	14,652	14,073
Legal fees	12,253	15,324
Independent Review Committee fees	3,286	2,921
Custodial fees	1,834	4,579
Security borrowing expenses	38,996	39,206
Commissions and other portfolio transaction costs (note 11)	246,717	118,354
Withholding tax expense	-	34,949
Harmonized sales tax	60,563	181,380
	1,022,628	2,277,134
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	1,001,522	10,449,659
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares:		
Series A	325,544	3,941,813
Series F	640,121	5,887,476
Series L	35,857	620,370
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares Per Share:		
Series A	0.26	2.41
Series F	0.36	2.69
Series L	0.16	1.69

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares (Unaudited)

For the Periods Ended June 30,

	2020 \$	2019 \$
Net Assets Attributable to Holders of Redeemable Shares - Beginning of Period:		
Series A	29,332,800	34,454,978
Series F	44,254,351	48,786,338
Series L	3,988,552	5,537,576
	<u>77,575,703</u>	<u>88,778,892</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares:		
Series A	325,544	3,941,813
Series F	640,121	5,887,476
Series L	35,857	620,370
	<u>1,001,522</u>	<u>10,449,659</u>
Redeemable Share Transactions:		
Proceeds from redeemable shares issued:(note 1)		
Series A	1,034,520	514,108
Series F	7,351,619	1,992,373
Series L	1,650	18,355
	<u>8,387,789</u>	<u>2,524,836</u>
Redemption of redeemable shares:		
Series A	(3,664,684)	(7,074,926)
Series F	(8,030,851)	(10,769,919)
Series L	(938,706)	(1,479,792)
	<u>(12,634,241)</u>	<u>(19,324,637)</u>
	<u>(4,246,452)</u>	<u>(16,799,801)</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	(3,244,930)	(6,350,142)
Net Assets Attributable to Holders of Redeemable Shares - End of Period:		
Series A	27,028,180	31,835,973
Series F	44,215,240	45,896,269
Series L	3,087,353	4,696,509
	<u>74,330,773</u>	<u>82,428,751</u>

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

Statements of Cash Flows (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
Cash Flows From (Used in) Operating Activities:		
Increase (decrease) in net assets attributable to holders of redeemable shares	1,001,522	10,449,659
Adjustments to Reconcile Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares To Net Cash From (Used in) Operating Activities:		
Purchase of investments	(368,680,171)	(230,183,509)
Proceeds on sale of investments	395,761,241	233,419,597
Change in margin deposits	1,392,516	(12,120,674)
Change interest receivable	3,160	(3,259)
Change in dividends receivable	37,777	21,244
Change in dividends payable	(16,382)	16,727
Change in other liabilities	(1,711,296)	1,263,484
Net realized (gain) loss on investments and derivatives	(16,059,639)	(7,204,871)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	14,404,776	(5,920,235)
Unrealized foreign exchange (gain) loss on cash and cash equivalents	(36,929)	848,502
Net Cash From (Used in) Operating Activities	26,096,575	(9,413,335)
Cash Flows From (Used in) Financing Activities:		
Proceeds from redeemable shares issued	3,507,711	1,931,567
Redemption of redeemable shares	(10,998,868)	(18,637,435)
Distributions paid to holders of redeemable shares, net of reinvested distributions	(111,752)	(209,358)
Net Cash From (Used in) financing Activities	(7,602,909)	(16,915,226)
Net Increase (Decrease) in Cash and Cash Equivalents	18,493,666	(26,328,561)
Cash and Cash Equivalents/ (Bank Overdraft) - Beginning of the Period	(9,574,602)	32,094,243
Unrealized foreign exchange gain (loss) on cash and cash equivalents	36,929	(848,502)
Cash and Cash Equivalents/ (Bank Overdraft) - End of the Period	8,955,993	4,917,180
Supplemental Disclosure of Cash Flow:		
Interest received, net of withholding taxes from operating activities	14,327	38,931
Dividends received, net of withholding taxes from operating activities	449,664	569,231
Interest expense paid from operating activities	48,920	15,748
Dividends paid from operating activities	69,537	149,050

ARROW CANADIAN ALTERNATIVE ADVANTAGE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Equities - Long - 57.5%

Security Name	Currency	No. of Shares/Units	Average Cost (\$)	Fair Value (\$)
Communication Services - 1.4%				
Activision Blizzard Inc.	USD	2,000	198,275	206,084
Cars.com Inc.	USD	6,200	54,552	48,483
Nintendo Co. Ltd., ADR	USD	2,600	204,781	197,314
Roku Inc.	USD	900	150,835	142,381
T-Mobile US Inc.	USD	1,400	207,488	197,952
Take-Two Interactive Software Inc.	USD	900	166,313	170,532
Tencent Holdings Ltd., ADR*	USD	1,300	99,096	112,952
			1,081,340	1,075,698
Consumer Discretionary - 7.2%				
Amazon.com Inc.	USD	350	1,177,259	1,310,881
AutoCanada Inc.	CAD	10,600	74,005	113,420
Chegg Inc.	USD	1,800	156,106	164,362
Chewy Inc.	USD	8,600	572,509	521,772
Dorel Industries Inc., Class 'B'	CAD	43,800	246,885	237,834
Floor & Decor Holdings Inc., Class 'A'	USD	5,200	411,747	406,981
Flutter Entertainments PLC	EUR	202	34,658	36,048
Home Depot Inc. (The)	USD	1,284	427,886	436,679
JD.com Inc., ADR	USD	1,300	106,048	106,210
Nautilus Inc.	USD	26,200	305,915	329,726
Ocado Group PLC	GBP	3,000	103,944	102,345
Peloton Interactive Inc., Class 'A'	USD	1,400	106,943	109,800
PetMed Express Inc.	USD	3,700	181,750	179,024
Seven Aces Ltd.	CAD	28,000	60,340	61,320
Sonos Inc.	USD	9,900	179,182	196,631
Stars Group Inc. (The)	USD	4,100	144,781	147,641
Vista Outdoor Inc.	USD	9,400	134,460	184,403
Vroom Inc.	USD	1,200	83,230	84,942
Wingstop Inc.	USD	3,400	551,911	641,463
			5,059,559	5,371,482
Consumer Staples - 4.0%				
Alcanna Inc.	CAD	45,600	121,572	160,512
Clorox Co. (The)	USD	300	88,852	89,345
Constellation Brands Inc., Class 'A'	USD	2,500	609,883	593,780
Costco Wholesale Corp.	USD	1,000	418,995	411,638
Kraft Heinz Co. (The)	USD	4,600	209,021	199,152
Maple Leaf Foods Inc.	CAD	8,800	225,179	250,888
Metro Inc.	CAD	3,600	206,528	201,600
Nomad Foods Ltd.	USD	11,600	336,776	337,798
Reckitt Benckiser Group PLC	GBP	1,600	197,356	200,034
Sprouts Farmers Markets Inc.	USD	6,200	210,535	215,394
Turning Point Brands Inc.*	USD	9,200	299,895	311,124
			2,924,592	2,971,265
Energy - 3.0%				
ARC Resources Ltd.	CAD	82,500	420,669	376,200
Cenovus Energy Inc.	CAD	65,100	419,967	413,385
Enbridge Inc.	CAD	2,500	105,259	103,200
Freehold Royalties Ltd.	CAD	113,600	409,382	399,872
NexGen Energy Ltd.*	CAD	75,000	148,060	132,750
Pinnacle Renewable Energy Inc.	CAD	30,800	120,212	134,596
Seven Generations Energy Ltd., Class 'A'	CAD	85,000	294,472	257,550
Spartan Delta Corp.	CAD	57,650	194,399	153,349
Spartan Energy Acquisition Corp.	USD	6,400	94,331	96,009
Spartan Energy Acquisition Corp., Class 'A'	USD	12,800	184,829	186,284
			2,391,580	2,253,195

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ARROW CANADIAN ALTERNATIVE ADVANTAGE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Financials - 3.4%

Element Fleet Management Corp.*	CAD	7,200	59,741	72,936
Element Fleet Management Corp., Preferred, Series'G', Variable Rate, Perpetual	CAD	8,600	185,360	186,190
FinTech Acquisition Corp. III, Class 'A'	USD	6,200	91,568	93,935
Flying Eagle Acquisition Corp., Class 'A'	USD	3,700	52,911	55,154
GX Acquisition Corp., Class 'A'	USD	9,600	132,962	132,936
Hennessy Capital Acquisition Corp. IV, Class 'A'	USD	9,200	131,721	134,267
Manulife Financial Corp.	CAD	21,600	410,851	398,952
Morgan Stanley	USD	9,600	620,907	629,492
Oaktree Acquisition Corp., Class 'A'	USD	90	1,253	1,243
Social Capital Hedosophia Holdings Corp. II, Class 'A'*	USD	3,100	46,597	49,451
Social Capital Hedosophia Holdings Corp. III, Class 'A'*	USD	3,100	46,597	47,052
Tradeweb Markets Inc., Class 'A'	USD	2,400	208,313	189,434
Trine Acquisition Corp.	USD	6,200	85,809	87,959
Trisura Group Ltd.	CAD	600	36,004	36,750
Uranium Participation Corp.	CAD	50,000	249,891	229,000
Virtu Financial Inc.	USD	6,200	196,718	198,644
			<u>2,557,203</u>	<u>2,543,395</u>

Health Care - 6.4%

AbbVie Inc.	USD	6,400	811,830	853,051
AstraZeneca PLC, ADR	USD	6,000	437,436	430,821
Canopy Growth Corp.*	CAD	12,700	306,302	279,273
Cronos Group Inc.*	CAD	20,000	181,688	163,600
Curaleaf Holdings Inc.	CAD	26,000	206,472	215,540
Eli Lilly and Co.	USD	1,000	205,761	222,891
Green Thumb Industries Inc.	CAD	31,300	398,522	424,115
GW Pharmaceuticals PLC, ADR	USD	1,400	196,913	233,247
Novo Nordisk AS, ADR	USD	1,200	105,631	106,675
Regeneron Pharmaceuticals Inc.	USD	750	619,138	635,000
Teladoc Health Inc.*	USD	400	103,404	103,634
TerrAscend Corp.	CAD	20,900	59,714	59,983
Tilray Inc., Class '2'*	USD	10,000	119,846	96,525
Trulieve Cannabis Corp.	CAD	25,200	389,683	428,400
Xenon Pharmaceuticals Inc.	USD	2,200	43,137	37,453
Zoetis Inc.	USD	2,500	330,797	465,114
			<u>4,516,274</u>	<u>4,755,322</u>

Industrials - 7.8%

AECOM	USD	5,000	291,966	255,093
Air Canada	CAD	11,800	206,872	200,010
ATS Automation Tooling Systems Inc.	CAD	4,700	92,588	89,864
Boyd Group Services Inc.	CAD	4,000	241,496	808,280
Calian Technologies Ltd.	CAD	1,300	60,978	71,279
Canadian National Railway Co.	CAD	1,700	205,170	204,187
Canadian Pacific Railway Ltd.	CAD	1,300	290,933	448,916
Cargojet Inc.	CAD	1,500	202,142	240,000
FedEx Corp.	USD	2,400	442,359	456,870
FTI Consulting Inc.	USD	600	90,915	93,308
GFL Environmental Inc.	CAD	8,400	216,997	214,116
Horizon North Logistics Inc.*	CAD	154,000	111,650	93,940
Insperty Inc.	USD	2,700	178,895	237,269
K-Bro Linen Inc.	CAD	13,500	384,057	357,075
Morneau Shepell Inc.	CAD	6,400	123,190	202,816
Mullen Group Ltd.	CAD	54,000	313,940	392,580
Resideo Technologies Inc.	USD	13,200	208,965	210,026
SG Blocks Inc.*	USD	19,900	69,206	72,133
SNC-Lavalin Group Inc.	CAD	10,000	223,166	229,100
Toromont Industries Ltd.	CAD	6,200	255,381	417,694
Westshore Terminals Investment Corp.	CAD	15,000	231,560	250,650
Xebec Adsorption Inc.*	CAD	68,800	247,680	282,080
			<u>4,690,106</u>	<u>5,827,286</u>

ARROW CANADIAN ALTERNATIVE ADVANTAGE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Information Technology - 9.0%

21Vianet Group Inc., ADR	USD	8,000	254,689	259,139
Accenture PLC, Class 'A'	USD	400	112,312	116,602
ANSYS Inc.	USD	600	234,629	237,632
Apple Inc.	USD	1,100	516,193	544,778
ASML Holding NV, Registered	USD	900	409,817	449,674
CGI Inc.	CAD	2,400	207,880	205,272
Cloudera Inc.*	USD	19,900	305,807	343,647
Descartes Systems Group Inc. (The)	CAD	7,000	70,545	501,690
Kinaxis Inc.	CAD	1,200	59,398	232,872
MasterCard Inc., Class 'A'	USD	1,000	410,399	401,442
Microsoft Corp.	USD	2,850	729,160	787,413
NVIDIA Corp.	USD	1,300	626,411	670,496
Quisitive Technology Solutions Inc.	CAD	275,000	208,280	187,000
ServiceNow Inc.	USD	800	425,564	439,928
Sylogist Ltd.	CAD	7,400	84,035	82,436
Visa Inc., Class 'A'	USD	3,200	759,254	839,192
VMware Inc., Class 'A'	USD	2,000	408,370	420,476
			5,822,743	6,719,689

Materials - 6.2%

Albemarle Corp.	USD	900	97,675	94,338
Americas Gold and Silver Corp.*	CAD	39,900	130,306	141,246
Dundee Precious Metals Inc.	CAD	30,900	207,760	276,246
Eagle Materials Inc.	USD	1,600	162,233	152,529
Equinox Gold Corp.*	CAD	56,300	751,562	854,634
Gold X Mining Corp.	CAD	2,400	5,527	9,936
Guyana Goldfields Inc.*	CAD	159,300	230,409	277,182
Kirkland Lake Gold Ltd.	CAD	8,000	408,731	447,200
Labrador Iron Ore Royalty Corp.	CAD	9,200	198,236	223,284
Largo Resources Ltd.*	CAD	44,100	47,319	37,044
Lithium Americas Corp.*	CAD	50,000	312,621	350,000
Lundin Mining Corp.	CAD	9,400	62,377	68,432
Martin Marietta Materials Inc.	USD	400	116,678	112,176
Osisko Gold Royalties Ltd.	CAD	15,400	202,264	208,824
Silver Viper Minerals Corp., Restricted	CAD	85,000	30,600	30,600
SilverCrest Metals Inc.	CAD	23,900	256,728	297,555
Solaris Resources Inc.	CAD	8,494	-	-
Steel Dynamics Inc.	USD	5,200	201,107	184,183
Teranga Gold Corp.	CAD	16,900	176,447	207,870
Vulcan Materials Co.	USD	800	133,225	125,822
Wallbridge Mining Co. Ltd.	CAD	92,400	114,853	102,564
Wheaton Precious Metals Corp.	CAD	7,200	414,221	429,912
			4,260,879	4,631,577

Real Estate - 4.8%

American Tower Corp.	USD	600	208,091	210,596
Coresite Realty Corp.	USD	300	51,847	49,305
Crombie REIT	CAD	24,000	314,386	307,200
Crown Castle International Corp.	USD	900	202,122	204,475
Digital Realty Trust Inc.*	USD	400	79,778	77,171
Granite REIT	CAD	6,100	414,620	427,366
Killam Apartment REIT*	CAD	23,700	418,109	415,224
StorageVault Canada Inc.	CAD	359,000	664,106	1,145,210
Tricon Capital Group Inc.*	CAD	24,900	206,189	227,835
UMH Properties Inc., 6.75%, Preferred, Series 'C', Perpetual	USD	1,115	33,835	35,800
WPT Industrial REIT	USD	27,000	450,187	472,852
			3,043,270	3,573,034

ARROW CANADIAN ALTERNATIVE ADVANTAGE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Utilities - 4.3%

AltaGas Ltd.	CAD	12,300	193,587	192,495
ATCO Ltd., Class 'I'	CAD	5,200	205,756	209,404
Brookfield Infrastructure Corp., Class 'A'	CAD	2,277	77,633	140,855
Brookfield Renewable Partners L.P.	CAD	6,600	413,982	429,000
Capital Power Corp.	CAD	3,700	104,229	103,526
Innervex Renewable Energy Inc.	CAD	5,000	94,493	95,500
NextEra Energy Inc.	USD	600	205,484	195,633
Northland Power Inc.	CAD	31,700	848,556	1,077,166
Polaris Infrastructure Inc.	CAD	15,500	197,677	223,820
TransAlta Corp.*	CAD	38,000	303,588	305,900
TransAlta Renewables Inc.	CAD	16,200	247,327	236,358
			2,892,312	3,209,657
			39,239,858	42,931,600

Equities - Short - (2.5%)

Security Name	Currency	No. of Shares/Units	Average Cost (\$)	Fair Value (\$)
Communication Services - (0.3%)				
Facebook Inc., Class 'A'	USD	(700)	(207,877)	(215,789)
Consumer Discretionary - (0.2%)				
Foot Locker Inc.	USD	(1,100)	(41,387)	(43,546)
Kontoor Brands Inc.	USD	(4,900)	(122,107)	(118,476)
			(163,494)	(162,022)
Consumer Staples - (0.2%)				
Empire Co. Ltd., Class 'A'	CAD	(600)	(20,481)	(19,506)
Premium Brands Holdings Corp.	CAD	(1,200)	(98,213)	(103,920)
			(118,694)	(123,426)
Financials - (0.1%)				
Toronto-Dominion Bank (The)	CAD	(1,700)	(101,841)	(103,003)
			(101,841)	(103,003)
Industrials - (0.4%)				
Cummins Inc.	USD	(200)	(45,837)	(47,044)
Finning International Inc.	CAD	(9,300)	(176,951)	(172,143)
Lincoln Electric Holdings Inc.	USD	(500)	(55,472)	(57,182)
			(278,260)	(276,369)
Information Technology - (0.1%)				
Oracle Corp.	USD	(800)	(57,625)	(60,028)
			(57,625)	(60,028)
Materials - (1.2%)				
Barrick Gold Corp.	CAD	(12,300)	(432,345)	(449,319)
Cascades Inc.	CAD	(10,000)	(141,537)	(147,900)
Pretium Resources Inc.	CAD	(12,400)	(142,529)	(140,864)
West Fraser Timber Co. Ltd.	CAD	(3,700)	(165,645)	(176,564)
			(882,056)	(914,647)
			(1,809,847)	(1,855,284)

ARROW CANADIAN ALTERNATIVE ADVANTAGE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Funds - Long - 21.3%

Security Name	Currency	No. of Shares	Average Cost (\$)	Fair Value (\$)
Arrow EC Income Advantage Alternative Fund, Series 'FD**	CAD	49,400	403,463	432,885
Arrow Global Advantage Alternative Class, Series 'ETF**	CAD	425,015	8,500,000	8,922,841
Bitcoin Fund (The)	USD	9,900	167,617	136,553
Broadview Dark Horse Long Short Class 'F**	CAD	462,046	3,900,087	3,900,087
Exemplar Investment Grade Fund, Series 'I**	CAD	97,364	956,000	1,034,240
Global X Silver Miners ETF	USD	2,100	100,664	105,543
iShares 20+ Year Treasury Bond ETF*	USD	3,100	676,414	689,909
iShares North American Tech-Software ETF	USD	1,000	381,548	385,898
iShares S&P/TSX Global Gold Index ETF	CAD	10,000	200,707	215,700
			15,286,500	15,823,656

Funds - Short - (5.5%)

Security Name	Currency	No. of Shares	Average Cost (\$)	Fair Value (\$)
Communication Services Select Sector SPDR Fund	USD	(1,400)	(100,754)	(102,711)
Consumer Discretionary Select Sector SPDR Fund	USD	(600)	(105,040)	(104,027)
Consumer Staples Select Sector SPDR Fund	USD	(3,600)	(292,527)	(286,595)
Financial Select Sector SPDR Fund	USD	(9,800)	(310,082)	(307,866)
Health Care Select Sector SPDR Fund	USD	(1,500)	(200,954)	(203,783)
Industrial Select Sector SPDR Fund	USD	(2,200)	(203,810)	(205,188)
iShares Russell 2000 Value Index Fund	USD	(10,000)	(1,325,982)	(1,323,117)
iShares S&P/TSX Capped Energy Index ETF	CAD	(104,700)	(529,122)	(515,124)
iShares S&P/TSX Capped REIT Index ETF	CAD	(12,400)	(166,962)	(185,132)
Materials Select Sector SPDR Fund	USD	(2,600)	(200,845)	(198,902)
SPDR S&P Metals and Mining ETF	USD	(18,500)	(539,248)	(532,200)
VanEck Vectors Semiconductor ETF	USD	(500)	(101,311)	(103,721)
			(4,076,637)	(4,068,366)

Warrants - Long - 0.1%

Security Name	Currency	Strike Price (\$)	Maturity Date	Quantity	Average Cost (\$)	Fair Value (\$)
CloudMD Software & Services Inc.	CAD	1.00	06-02-22	42,450	-	7,641
Dundee Precious Metals Inc.	CAD	8.00	05-13-21	10,000	10	21,401
Hycroft Mining Holding Corporation	USD	11.5	03-12-25	35,300	42,853	59,904
Megalith Financial Acquisition Corp.	USD	11.5	09-21-23	3,301	5,494	3,764
Qusitive Technology Solutions, Inc.	CAD	1.1	06-26-22	132,500	-	10,600
Silver Viper Minerals Corp., Restricted	CAD	0.5	06-03-22	42,500	-	-
					48,357	103,310

Commissions

(18,942)

Total Investments - 71.0%

48,669,289

52,934,916

Derivatives (Refer to Schedule of Derivative Instruments) - 0.4%

313,700

Cash and Other Net Assets (Liabilities) - 28.6%

21,082,157

Net Assets Attributable to Holders of Redeemable Shares - 100.0%

74,330,773

* Denotes all or part of securities on loan

** Fund is managed by Arrow Capital Management Inc.

ARROW CANADIAN ALTERNATIVE ADVANTAGE CLASS

Schedule of Derivative Instruments (Unaudited) – As at June 30, 2020

Options Bought - 0.7%

Security Name	Strike Price (\$)	Expiry Date	Currency	No. of Contracts	Average Cost (\$)	Fair Value (\$)
Canopy Growth Corp. Call Option	18	01-16-21	USD	250	128,825	91,638
iShares Australia Index Put Option	17	10-17-20	USD	40	5,276	3,394
SPDR Gold Shares Call Option	175	09-19-20	USD	150	49,450	67,608
SPDR Gold Shares Call Option	183	07-25-20	USD	300	12,670	8,146
GW Pharmaceuticals Call Option*	130	08-22-20	USD	125	102,848	83,153
iShares Russell 2000 Put Option	135	09-19-20	USD	40	43,574	34,049
iShares Russell 2000 Value Put Option	80	08-22-20	USD	133	48,069	41,529
iShares Silver Trust Call Option	18	01-16-21	USD	240	42,375	47,244
iShares Silver Trust Call Option	18	08-22-20	USD	180	9,074	11,974
iShares Silver Trust Call Option	21	01-16-21	USD	199	20,419	21,343
SPDR S&P 500 ETF Trust Put Option	280	10-01-20	USD	50	88,283	54,983
Tilray Inc. Call Option	10	01-16-21	USD	500	108,890	54,304
Financial Select Sector SPDR Put Option	22	10-17-20	USD	43	7,110	7,881
					666,863	527,246

Options Written - (0.0%)

Security Name	Strike Price \$	Expiry Date	Currency	No. of Contracts	Proceeds (\$)	Fair Value (\$)
SPDR Gold Shares Call Option	190.00	07-25-20	USD	(300)	(4,087)	(2,444)
iShares Silver Trust Call Option	20.00	08-22-20	USD	(180)	(2,943)	(4,399)
Financial Select Sector SPDR Put Option	17.00	10-17-20	USD	(43)	(1,632)	(1,897)
					(8,662)	(8,740)

Futures Contracts - Long - 0.2%

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
Bond Futures - 0.0%						
US 10-Year Treasury Notes Futures	1,000	09-21-20	USD	40	7,557,590	10,712
						10,712
Commodity Futures - 0.1%						
Copper Futures	250	09-28-20	USD	3	277,816	4,378
Gold 100 oz Futures	100	08-27-20	USD	10	2,444,359	81,320
Silver Futures	5,000	09-28-20	USD	5	632,540	19,583
						105,281
						115,993

Futures Contracts - Short - (0.4%)

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
Index Futures - (0.4%)						
E-Mini Russel 2000 Futures	50	09-18-20	USD	(42)	(4,098,540)	(118,532)
Nasdaq 100 E-Mini Index Futures	20	09-18-20	USD	(3)	(826,554)	(15,477)
S&P/TSE 60 Index Futures	200	09-17-20	CAD	(20)	(3,714,000)	(129,540)
S&P500 E-mini Futures	50	09-18-20	USD	(6)	(1,258,577)	(31,544)
						(295,093)

Forward Currency Contracts - (0.2%)

Counterparty	Purchased		Sold		Credit Rating	Contract Rate	Maturity Date	Unrealized Gain/(Loss) (\$)
	Currency	Notional Value (\$)	Currency	Notional Value (\$)				
BNY Mellon	CAD	19,354,235	USD	(14,300,000)	A1	1.353444	07-07-20	(59,216)
BNY Mellon	CAD	6,606,067	USD	(4,900,000)	A1	1.348178	07-07-20	(46,094)
BNY Mellon	USD	6,000,000	CAD	(8,169,210)	A1	0.734465	07-07-20	(23,706)
								(129,016)

Total Derivative Instruments at Fair Value

\$706,558

\$313,700

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

THE FUND (NOTE 1)

The investment objective of the Arrow Canadian Advantage Alternative Class (the "Fund") is to achieve superior capital appreciation over both short and long term horizons primarily through the selection and management of a concentrated group of long and short positions in Canadian equity securities and equity derivative securities.

The Fund will invest predominantly in large and mid-capitalization Canadian companies. The Fund may also invest in bonds, other debt instruments, commodities and currencies if warranted by financial conditions. The Fund will not specialize in any one industry other than to concentrate investments in those industries that offer the best opportunities for exceptional returns at each stage of the economic and market cycle. The Fund may also invest in options, including put options or call options either in respect of a specific security or in respect of a stock exchange index as a means to reduce volatility. The Fund may also invest in foreign securities. It is currently expected that investments in foreign securities will generally be no more than 49% of the Fund's assets.

The Fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The Fund's aggregate exposure is calculated as the sum of the following, and must not exceed 300% of its net asset value: (i) the aggregate market value of the Fund's outstanding indebtedness under any borrowing arrangements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional amount of the Fund's specified derivatives positions, minus the aggregate notional amount of the specified derivative positions that are hedging transactions.

The Portfolio Advisor utilizes an opportunistic approach to shorting individual stocks as well as using index options or futures, as a means of attempting to reduce risk and increase performance. Short selling positions will not in total exceed 100% of the Net Asset Value of the Fund.

FINANCIAL INSTRUMENTS -- RISK MANAGEMENT (NOTE 4)

A general discussion of financial risk management for the Fund appears as Note 4: Financial Instruments – Risk Management.

Credit Risk

The Fund did not have significant direct exposure to bonds and debentures, money market instruments or preferred shares as at June 30, 2020 or December 31, 2019.

The analysis below summarizes the credit quality of the Fund's debt portfolio as at June 30, 2020 and December 31, 2019.

Credit Rating*	Percentage of total debt securities	
	As at June 30, 2020	As at December 31, 2019
	%	%
Not Rated	-	100.0
Total	-	100.0

* Credit ratings are obtained from Standard & Poor's, Moody's and / or Dominion Bond Rating Service. Where multiple ratings were obtained for a security, the lowest rating has been used.

Liquidity Risk

From time to time, the Fund may use margin borrowings in one or more of its brokerage or cash accounts. During the period ended June 30, 2020, the minimum margin borrowing used was \$69,892 (December 31, 2019: nil) and the maximum net margin borrowing used was \$13,277,064 (December 31, 2019: \$9,562,979).

Leverage Risk

During the period ended June 30, 2020, the lowest aggregate amount of leverage exercised by the Fund was \$nil (0.0% of NAV) and the highest aggregate amount of leverage used was \$112.2 million (58.8% of NAV).

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable shares would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

(a) Currency Risk

The table below indicates the Fund's exposure to other currencies as at June 30, 2020 and December 31, 2019 in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable shares if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. Non-monetary items include equities, funds and warrants. Monetary items include fixed income, forward contracts, options on derivatives, cash and cash equivalents, margin deposits, margin loans and other current receivables and payables, if applicable.

Currency	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non-Monetary \$	Total \$	Monetary \$	Non-Monetary \$	Total \$
United States Dollar - Long	24,308,309	23,807,204	48,115,513	2,430,831	2,380,720	4,811,551
United States Dollar - Short	(29,487,334)	(3,919,248)	(33,406,582)	(2,948,733)	(391,925)	(3,340,658)
Australian Dollar - Long	5,182	-	5,182	518	-	518
Great Britain Pound - Long	385,237	302,379	687,616	38,524	30,238	68,762
Euro Currency - Long	-	36,048	36,048	-	3,605	3,605
Euro Currency - Short	(13)	-	(13)	(1)	-	(1)
Japanese Yen - Long	51,650	-	51,650	5,165	-	5,165
Mexican Pesos - Short	(2,437)	-	(2,437)	(244)	-	(244)
Total	(4,739,406)	20,226,383	15,486,977	(473,940)	2,022,638	1,548,698
% of net assets attributable to holders of redeemable shares	(6.4%)	27.2%	20.8%	(0.6%)	2.7%	2.1%

Currency	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non-Monetary \$	Total \$	Monetary \$	Non-Monetary \$	Total \$
United States Dollar - Long	8,764,674	41,532,916	50,297,590	876,467	4,153,292	5,029,759
United States Dollar - Short	(19,161,325)	(13,597,213)	(32,758,538)	(1,916,132)	(1,359,721)	(3,275,853)
Australian Dollar - Long	5,040	-	5,040	504	-	504
Great Britain Pound - Long	480,474	-	480,474	48,047	-	48,047
Japanese Yen - Long	-	52,549	52,549	-	5,255	5,255
Total	(9,911,137)	27,988,252	18,077,115	(991,114)	2,798,826	1,807,712
% of net assets attributable to holders of redeemable shares	(12.8%)	36.1%	23.3%	(1.3%)	3.6%	2.3%

(b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2020 and December 31, 2019. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable shares if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to Maturity	Total Exposure	
	June 30, 2020	December 31, 2019
Less than 1 year	\$ -	\$ -
1-3 years	-	-
3-5 years	-	-
Greater than 5 years	-	256,875
Total	\$ -	\$ 256,875
Sensitivity:		
Total \$ sensitivity	+/- \$ -	+/- \$ 13,557
% of net assets attributable to holders of redeemable shares	0.0%	0.0%

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

(c) Other Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus.

As at June 30, 2020, the impact on net assets of the Fund due to a 5% change in market prices of equity securities, funds, warrants and fixed income with all other variables held constant, is presented in the following table.

Impact on net assets attributable to holders of redeemable shares	June 30, 2020	December 31, 2019
	\$	\$
5% Increase	2,446,576	3,752,974
5% Decrease	(2,446,576)	(3,752,974)

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold short at prices which may be significantly higher than the fair value reflected on the financial statements.

Concentration Risk

The following is a summary of the Fund's concentration risk by market segment, as a percentage of net assets attributable to holders of redeemable shares:

Market Segment	June 30, 2020		December 31, 2019	
	Long (%)	Short (%)	Long (%)	Short (%)
Communication Services	1.4	(0.3)	1.2	(0.3)
Consumer Discretionary	7.2	(0.2)	3.8	(1.6)
Consumer Staples	4.0	(0.2)	2.5	(0.2)
Corporate Bonds	-	-	0.3	-
Energy	3.0	-	10.5	-
Financials	3.4	(0.1)	2.4	(1.6)
Funds	21.3	(5.5)	39.7	(14.6)
Health Care	6.4	-	5.1	-
Industrials	7.8	(0.4)	18.4	(1.1)
Information Technology	9.0	(0.1)	16.5	(0.4)
Materials	6.2	(1.2)	4.3	(0.2)
Real Estate	4.8	-	6.1	-
Utilities	4.3	-	6.3	-
Derivatives	1.0	(0.6)	0.4	-
	79.8	(8.6)	117.5	(20.0)

FINANCIAL INSTRUMENTS -- FAIR VALUE MEASUREMENT (NOTE 5)

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: Financial Instruments – Fair Value Measurement.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2020 and December 31, 2019:

ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

June 30, 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	42,901,000	30,600	-	42,931,600
Fixed income	-	-	-	-
Funds	15,823,656	-	-	15,823,656
Derivatives	746,549	-	-	746,549
	59,471,205	30,600	-	59,501,805
Financial liabilities				
Equities sold short	(1,855,284)	-	-	(1,855,284)
Fixed income sold short	-	-	-	-
Funds	(4,068,366)	-	-	(4,068,366)
Derivatives	(303,833)	(129,016)	-	(432,849)
	(6,227,483)	(129,016)	-	(6,356,499)
Total	53,243,722	(98,416)	-	53,145,306

December 31, 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	59,787,804	-	-	59,787,804
Fixed income	-	256,875	-	256,875
Funds	30,759,153	-	-	30,759,153
Derivatives	-	279,136	-	279,136
	90,546,957	536,011	-	91,082,968
Financial liabilities				
Equities sold short	(4,153,955)	-	-	(4,153,955)
Fixed income sold short	-	-	-	-
Funds	(11,333,517)	-	-	(11,333,517)
Derivatives	(974)	-	-	(974)
	(15,488,446)	-	-	(15,488,446)
Total	75,058,511	536,011	-	75,594,522

As at June 30, 2020, the Fund did not hold any level 3 financial instruments. There were no transfers between levels 1, 2 and 3 during the periods ended June 30, 2020 and December 31, 2019.

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Statements of Financial Position (Unaudited)

As at	June 30, 2020	December 31, 2019
Current Assets:		
Financial assets at fair value:		
Investments	\$59,340,828	\$63,951,717.00
Options - long	755,101	46,439
Unrealized gain on forward currency contracts	-	840,201
Unrealized gain on futures contracts - long	90,278	34,947
Cash and cash equivalents	25,371	1,040,514
Margin deposits	56,034,361	36,767,200
Dividends receivable	48,534	53,833
Receivable for investments sold	7,081,200	6,683,486
Receivable for redeemable shares issued	84,779	12,744
Miscellaneous receivables	-	30,155
	123,460,452	109,461,236
LIABILITIES:		
Current Liabilities:		
Financial liabilities at fair value:		
Investments sold short	7,968,805	10,932,575
Options - short	32,172	2,922
Unrealized loss on forward currency contracts	209,718	416
Unrealized loss on futures contracts - long	-	5,012
Unrealized loss on futures contracts - short	184,032	86,470
Margin loans	6,382,331	13,048,794
Payable for investments purchased	9,724,435	6,517,595
Payable for redeemable shares redeemed	477,398	50,745
Dividends payable	13,116	13,915
Other liabilities (note 10)	499,008	123,538
	25,491,015	30,781,982
Net Assets Attributable to Holders of Redeemable Shares	\$97,969,437	\$78,679,254
Net Assets Attributable to Holders of Redeemable Shares:		
Series A	\$22,585,553	\$22,178,453
Series F	\$54,547,431	\$41,023,623
Series G	\$6,499,608	\$2,062,072
Series U	\$1,720,843	\$1,078,065
Series ETF	\$12,616,002	\$12,337,041
Number of Redeemable Shares Outstanding: (Note 7)		
Series A	2,234,892	2,261,513
Series F	5,312,303	4,134,494
Series G	455,517	156,189
Series U	122,033	82,310
Series ETF	600,928	615,272

Continued on next page

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Statements of Financial Position (Unaudited)

As at	June 30, 2020	December 31, 2019
Continued from previous page		
Net Assets Attributable to Holders of Redeemable Shares Per Share:		
Series A	\$10.11	\$9.81
Series F	\$10.27	\$9.92
Series G - USD*	\$10.51	\$10.17
Series U - USD*	\$10.39	\$10.09
Series ETF	\$20.99	\$20.05
* USD/CAD Foreign Exchange Rate	0.7366	0.7701

Approved on behalf of the Board of Directors of Arrow Capital Management Inc., the Manager of the Fund:

"James L. McGovern"

James L. McGovern, Director

"Robert W. Maxwell"

Robert W. Maxwell, Director

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Statements of Comprehensive Income (Loss) (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
INCOME:		
Net Gains (Losses) on Investments and Derivatives:		
Interest for distribution purposes	7,329	6,114
Dividend income	331,990	300,777
Dividend expense on short sales	(106,962)	(93,340)
Net realized gain (loss) on investments and derivatives	4,594,619	171,515
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	(885,828)	(308,064)
	3,941,148	77,002
Other Income Items:		
Interest on cash	92,154	110,794
Foreign exchange gain (loss)	423,563	115,179
Net change in unrealized foreign exchange gain (loss)	(118,419)	60,309
	397,298	286,282
Total Income (Loss)	4,338,446	363,284
EXPENSES:		
Management fees (note 10)	541,151	193,473
Performance fees (note 10)	367,944	1,135
Shareholder reporting fees	102,840	46,145
Interest expense on margin loan	39,578	115,873
Audit fees	25,112	11,400
Legal fees	23,968	98
Independent Review Committee fees	3,286	2,921
Security borrowing expenses	19,473	24,474
Commissions and other portfolio transaction costs (note 11)	291,493	140,438
Commissions on Futures	19,471	5,818
Withholding tax expense	39,510	38,343
Harmonized sales tax	91,304	25,925
Total Expenses before Manager Absorption	1,565,130	606,043
Less: expenses absorbed by manager (note 10)	(120,562)	(55,469)
Total Expenses after Manager Absorption	1,444,568	550,574
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	2,893,878	(187,290)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares:		
Series A	647,368	(80,123)
Series F	1,390,556	51,688
Series G	188,313	(54,229)
Series U	88,680	(45,662)
Series ETF	578,961	(58,964)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares Per Share: (Note 12)		
Series A	0.30	(0.08)
Series F	0.35	0.06
Series G	1.06	(0.45)
Series U	1.13	(0.46)
Series ETF	0.94	(0.10)

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
Net Assets Attributable to Holders of Redeemable Shares - Beginning of Period		
Series A	22,178,453	5,000
Series F	41,023,623	140,000
Series G	2,062,072	N/A
Series U	1,078,065	N/A
Series ETF	12,337,041	5,000
	78,679,254	150,000
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares:		
Series A	647,368	(80,123)
Series F	1,390,556	51,688
Series G	188,313	(54,229)
Series U	88,680	(45,662)
Series ETF	578,961	(58,964)
	2,893,878	(187,290)
Redeemable Share Transactions:		
Proceeds from redeemable shares issued :(note 1)		
Series A	2,351,714	17,950,082
Series F	20,388,848	18,968,240
Series G	4,557,837	2,352,034
Series U	667,499	1,781,151
Series ETF	-	12,300,000
	27,965,898	53,351,507
Redemption of redeemable shares:		
Series A	(2,591,982)	(1,255,941)
Series F	(8,255,596)	(4,219,565)
Series G	(308,614)	(59,801)
Series U	(113,401)	(300,250)
Series ETF	(300,000)	-
	(11,569,593)	(5,835,557)
	16,396,305	47,515,950
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares:	19,290,183	47,328,660
Net Assets Attributable to Holders of Redeemable Shares - End of Period		
Series A	22,585,553	16,619,019
Series F	54,547,431	14,940,362
Series G	6,499,608	2,238,005
Series U	1,720,843	1,435,238
Series ETF	12,616,002	12,246,036
	97,969,437	47,478,660

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Statements of Cash Flows (Unaudited) For the Periods Ended June 30,

	2020 \$	2019 \$
Cash Flows From (Used in) Operating Activities:		
Increase (decrease) in net assets attributable to holders of redeemable shares	2,893,878	(187,290)
Adjustments to Reconcile Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares To Net Cash From (Used in) Operating Activities:		
Purchase of investments	(621,656,981)	(365,867,156)
Proceeds on sale of investments	651,167,907	347,915,500
Change in margin deposits	(19,267,161)	(42,366,471)
Change in margin loans	(6,666,463)	13,763,565
Change in dividends receivable	5,299	(25,374)
Change in miscellaneous receivable	30,155	(30,156)
Change in dividends payable	13,116	13,841
Change in other liabilities	375,470	64,838
Unrealized foreign exchange (gain) loss on cash and cash equivalents	-	1,972
Net realized (gain) loss on investments and derivatives	(4,594,619)	(171,515)
Net change in unrealized (appreciation) depreciation in value of investments and derivatives	885,828	308,064
Net Cash From (Used in) Operating Activities	3,186,429	(46,580,182)
Cash Flows From (Used in) Financing Activities:		
Proceeds from redeemable shares issued	6,460,424	52,810,544
Redemption of redeemable shares	(10,661,996)	(5,266,850)
Net Cash From (Used in) financing Activities	(4,201,572)	47,543,694
Net Increase (Decrease) in Cash and Cash Equivalents	(1,015,143)	963,512
Cash and Cash Equivalents - Beginning of the Period	1,040,514	150,000
Unrealized foreign exchange gain (loss) on cash and cash equivalents	-	(1,972)
Cash and Cash Equivalents - End of the Period	25,371	1,111,540
Supplemental Disclosure of Cash Flow:		
Interest received, net of withholding taxes from operating activities	99,483	116,908
Dividends received, net of withholding taxes from operating activities	297,779	237,060
Interest expense paid from operating activities	39,578	115,873
Dividends paid from operating activities	93,846	93,340

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Equities - Long - 29.8%

Security Name	Currency	No. of Shares/Units	Average Cost (\$)	Fair Value (\$)
Communication Services - 1.2%				
Activision Blizzard Inc.	USD	225	21,853	23,184
Cellnex Telecom SAU	EUR	3,900	301,254	322,648
Nintendo Co. Ltd., ADR	USD	3,900	307,012	295,970
Roku Inc.	USD	65	10,827	10,283
T-Mobile US Inc.	USD	2,200	325,986	311,067
Tencent Holdings Ltd.	HKD	2,300	178,328	200,873
Tencent Holdings Ltd., ADR	USD	290	21,511	25,197
			1,166,771	1,189,222
Consumer Discretionary - 3.3%				
Amazon.com Inc.	USD	230	790,071	861,436
Auckland International Airport Ltd.	AUD	25,000	146,198	144,279
Best Buy Co. Inc.	USD	175	19,136	20,734
Brunswick Corp.	USD	245	18,827	21,290
Chewy Inc.	USD	4,900	339,214	297,289
Dollarama Inc.	CAD	1,320	57,785	59,611
Floor & Decor Holdings Inc., Class 'A'	USD	1,900	150,287	148,705
Home Depot Inc. (The)	USD	180	59,776	61,217
JD.com Inc., ADR	USD	2,460	197,458	200,983
Li Ning Co. Ltd.	HKD	51,000	240,034	219,759
Meituan Dianping, Class 'B'	HKD	15,500	448,612	466,713
Ocado Group PLC	GBP	2,600	90,085	88,699
Ryohin Keikaku Co. Ltd.	JPY	3,000	59,182	57,523
Sally Beauty Holdings Inc.	USD	1,355	25,495	23,050
Shimano Inc.	JPY	600	162,369	156,537
Sonos Inc.	USD	675	12,583	13,407
TJX Cos. Inc. (The)	USD	170	11,916	11,669
Wesfarmers Ltd.	AUD	3,900	158,434	163,801
Wingstop Inc.	USD	1,200	197,283	226,399
			3,184,745	3,243,101
Consumer Staples - 3.8%				
a2 Milk Co. Ltd.	AUD	13,700	225,245	239,506
AIN Holdings Inc.	JPY	1,200	111,609	106,521
Carlsberg AS, Series 'B'	DKK	800	145,555	143,544
China Resources Beer (Holdings) Co. Ltd.	HKD	24,000	189,232	181,609
Clorox Co. (The)	USD	605	178,474	180,179
Constellation Brands Inc., Class 'A'	USD	1,320	321,833	313,516
COSMOS Pharmaceutical Corp.	JPY	600	129,060	124,777
Costco Wholesale Corp.	USD	695	294,616	286,088
Kao Corp.	JPY	2,500	280,919	268,440
Kraft Heinz Co. (The)	USD	3,300	149,893	142,870
L'Oreal SA	EUR	400	169,957	174,307
Metro Inc.	CAD	2,700	154,862	151,200
Nestle Sa ADR, Registered	USD	2,000	300,811	299,867
Nissin Foods Holdings Co. Ltd.	JPY	1,200	141,215	144,090
Nomad Foods Ltd.	USD	8,400	243,039	244,612
Prima Meat Packers Ltd.	JPY	4,700	166,332	170,428
Reckitt Benckiser Group PLC	GBP	1,700	208,115	212,536
Reynolds Consumer Products Inc.	USD	670	31,038	31,599
Sprouts Farmers Markets Inc.	USD	5,400	183,309	187,601
Walmart Inc.	USD	460	75,132	74,802
			3,700,246	3,678,092
Energy - 0.2%				
Enbridge Inc.	CAD	2,200	92,594	90,816
Pembina Pipeline Corp.	CAD	95	4,549	3,224
Seven Generations Energy Ltd., Class 'A'	CAD	44,200	155,009	133,926
			252,152	227,966

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Financials - 1.4%

Banca Farmafactoring SPA	EUR	20,000	151,430	154,357
Japan Exchange Group Inc.	JPY	4,000	128,943	125,330
Morgan Stanley	USD	9,600	620,359	629,492
Omni Bridgeway Ltd.	AUD	11,700	56,080	52,286
PRA Group Inc.	USD	470	21,702	24,668
Seven Bank Ltd.	JPY	55,600	216,253	206,227
Shinsei Bank Ltd.	JPY	8,600	158,962	140,353
			1,353,729	1,332,713

Health Care - 2.5%

AbbVie Inc.	USD	2,400	292,020	319,894
Alibaba Health Information Technology Ltd.	HKD	40,000	154,451	158,347
AmerisourceBergen Corp.	USD	700	97,499	95,764
AstraZeneca PLC, ADR	USD	2,100	149,066	150,787
Chugai Pharmaceutical Co. Ltd.	JPY	4,200	289,245	304,437
Eli Lilly and Co.	USD	800	163,357	178,313
GW Pharmaceuticals PLC, ADR	USD	1,000	137,823	166,605
M3 Inc.	JPY	4,500	265,019	259,418
Novo Nordisk AS, ADR	USD	1,700	149,158	151,123
Ping An Healthcare and Technology Co. Ltd.	HKD	7,000	146,968	144,562
Sanofi SA, ADR	USD	2,200	149,902	152,472
Teladoc Health Inc.	USD	200	53,676	51,817
Zoetis Inc.	USD	1,600	297,282	297,673
			2,345,466	2,431,212

Industrials - 3.6%

AECOM	USD	2,700	153,973	137,750
Alfen Beheer BV	EUR	5,800	308,024	317,590
China Communications Services Corp. Ltd., Class 'H'	HKD	39,000	35,835	32,927
Daifuku Co. Ltd.	JPY	2,000	236,959	236,881
Daikin Industries Ltd.	JPY	1,500	323,636	326,937
FedEx Corp.	USD	1,810	332,740	344,556
Ferrovial SA	EUR	4,000	154,054	144,595
Flughafen Zurich AG, Registered	CHF	800	146,717	141,112
FTI Consulting Inc.	USD	1,040	157,784	161,734
GFL Environmental Inc.	CAD	6,200	163,844	158,038
JTOWER Inc.	JPY	4,700	279,256	335,656
Mitsubishi Electric Corp.	JPY	5,000	88,766	87,982
Recruit Holdings Co. Ltd.	JPY	5,100	234,512	236,104
Resideo Technologies Inc.	USD	7,800	123,411	124,106
Signify NV	EUR	4,400	152,407	154,290
Tomra Systems ASA	NOK	3,100	153,482	154,390
Toto Ltd.	JPY	1,700	92,194	87,956
Transurban Group	AUD	23,400	316,549	309,772
TriNet Group Inc.	USD	300	18,976	24,820
			3,473,119	3,517,196

Information Technology - 6.5%

21Vianet Group Inc., ADR	USD	6,000	183,909	194,354
Accenture PLC, Class 'A'	USD	500	140,481	145,752
Advanced Micro Devices Inc.	USD	120	8,762	8,571
Adyen NV	EUR	100	191,012	197,598
Akamai Technologies Inc.	USD	155	21,318	22,535
Anritsu Corp.	JPY	7,000	201,071	224,961
ANSYS Inc.	USD	430	168,009	170,303
Appen Ltd.	AUD	6,000	194,705	190,674
Apple Inc.	USD	1,350	621,163	668,591
Atos SE	EUR	2,600	309,069	300,996
China Youzan Ltd.	HKD	1,200,000	250,643	269,050
Cloudera Inc.	USD	20,350	336,789	351,417
CloudFlare Inc., Class 'A'	USD	125	5,871	6,101
Coupa Software Inc.	USD	60	18,204	22,567
Datadog Inc., Class 'A'	USD	100	9,670	11,804
Fidelity National Information Services Inc.	USD	110	20,387	20,024

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ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

MasterCard Inc., Class 'A'	USD	700	285,536	281,010
Microsoft Corp.	USD	2,300	577,820	635,456
NEXTDC Ltd.	AUD	31,900	285,074	295,278
Nomura Research Institute Ltd.	JPY	5,500	199,555	202,411
NVIDIA Corp.	USD	632	289,535	325,964
Oracle Corp. Japan	JPY	500	81,631	79,966
PagSeguro Digital Ltd.	USD	185	7,716	8,876
PayPal Holdings Inc.	USD	100	21,080	23,653
Pushpay Holdings Ltd.	AUD	20,000	166,540	154,023
Samsung Electronics Co. Ltd., GDR	USD	40	57,061	59,897
ServiceNow Inc.	USD	500	267,579	274,955
Shinko Electric Industries Co. Ltd.	JPY	6,200	119,770	113,891
Tokyo Electron Ltd.	JPY	500	168,416	166,219
Visa Inc., Class 'A'	USD	2,415	627,120	633,328
VMware Inc., Class 'A'	USD	1,445	298,655	303,794
			6,134,151	6,364,019

Materials - 2.6%

Albemarle Corp.	USD	600	65,057	62,892
Eagle Materials Inc.	USD	2,400	243,167	228,794
Equinox Gold Corp.	CAD	24,800	315,935	376,464
Fortescue Metals Group Ltd.	AUD	7,800	108,875	101,211
Kirkland Lake Gold Ltd.	CAD	6,000	308,479	335,400
Koninklijke DSM NV	EUR	800	152,311	150,330
Labrador Iron Ore Royalty Corp.	CAD	6,400	151,773	155,328
Lundin Mining Corp.	CAD	23,000	154,017	167,440
Martin Marietta Materials Inc.	USD	500	146,090	140,220
Saracen Mineral Holdings Ltd.	AUD	30,000	140,028	152,337
Steel Dynamics Inc.	USD	3,900	150,922	138,137
Vulcan Materials Co.	USD	1,000	167,260	157,278
West Fraser Timber Co. Ltd.	CAD	550	21,162	26,246
Wheaton Precious Metals Corp.	USD	390	20,814	23,323
Wheaton Precious Metals Corp.	CAD	5,300	305,256	316,463
			2,451,146	2,531,863

Real Estate - 1.5%

American Tower Corp.	USD	800	277,374	280,795
Coresite Realty Corp.	USD	900	153,223	147,916
Crown Castle International Corp.	USD	1,400	316,343	318,072
Digital Realty Trust Inc.	USD	1,005	196,317	193,893
Granite REIT	CAD	2,200	149,415	154,132
Killam Apartment REIT	CAD	8,700	151,935	152,424
QTS Realty Trust Inc., Class 'A'	USD	355	30,663	30,888
Real Matters Inc.	CAD	400	9,398	10,592
WPT Industrial REIT	USD	8,500	150,946	148,861
			1,435,614	1,437,573

Utilities - 3.2%

ATCO Ltd., Class 'I'	CAD	3,900	154,396	157,053
Capital Power Corp.	CAD	5,400	152,053	151,092
E.ON SE	EUR	23,400	357,765	357,447
EDP Renovaveis SA	EUR	11,500	202,027	215,749
Enel SPA	EUR	19,700	192,904	230,706
Energias de Portugal SA	EUR	38,600	241,445	250,219
Engie	EUR	11,200	175,832	187,912
ERG SPA	EUR	7,800	221,466	228,305
Fortum OYJ	EUR	5,700	152,887	146,972
Iberdrola SA	EUR	10,500	147,831	165,278
NextEra Energy Inc.	USD	800	273,620	260,844
Red Electrica Corp. SA	EUR	11,400	278,232	288,728
RWE AG	EUR	3,300	149,199	156,588
Snam SPA	EUR	23,600	150,513	156,008
TransAlta Renewables Inc.	CAD	12,500	188,407	182,375
			3,038,577	3,135,276

28,535,716 **29,088,233**

SEMI-ANNUAL REPORT JUNE 30, 2020

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Equities - Short - (1.9%)

Sector Name	Currency	No. of Shares/Units	Average Cost (\$)	Fair Value (\$)
Communication Services - (0.7%)				
Facebook Inc., Class 'A'	USD	(1,995)	(592,296)	(614,999)
Pinterest Inc., Class 'A'	USD	(800)	(20,078)	(24,078)
			(612,374)	(639,077)
Consumer Discretionary - (0.2%)				
Foot Locker Inc.	USD	(3,200)	(120,434)	(126,680)
Kohl's Corp.	USD	(300)	(8,793)	(8,459)
Lululemon Athletica Inc.	USD	(37)	(15,047)	(15,673)
Planet Fitness Inc., Class 'A'	USD	(240)	(20,135)	(19,735)
Shake Shack Inc., Class 'A'	USD	(255)	(18,315)	(18,341)
			(182,724)	(188,888)
Financials - (0.3%)				
Capital One Financial Corp.	USD	(140)	(12,785)	(11,896)
Discover Financial Services	USD	(120)	(8,653)	(8,160)
Toronto-Dominion Bank (The)	CAD	(5,100)	(305,570)	(309,009)
			(327,008)	(329,065)
Industrials - (0.4%)				
Cummins Inc.	USD	(795)	(182,571)	(186,998)
Lincoln Electric Holdings Inc.	USD	(1,400)	(155,261)	(160,110)
Lyft Inc., Class 'A'	USD	(170)	(7,802)	(7,618)
Southwest Airlines Inc.	USD	(260)	(11,690)	(12,065)
Uber Technologies Inc.	USD	(295)	(12,127)	(12,447)
			(369,451)	(379,238)
Information Technology - (0.3%)				
Guidewire Software Inc.	USD	(150)	(20,525)	(22,573)
Oracle Corp.	USD	(2,600)	(187,208)	(195,090)
salesforce.com Inc.	USD	(130)	(30,377)	(33,061)
Shopify Inc., Class 'A'	USD	(19)	(19,246)	(24,484)
Square Inc., Class 'A'	USD	(105)	(11,740)	(14,959)
			(269,096)	(290,167)
Real Estate - (0.0%)				
Equity Residential	USD	(380)	(31,838)	(30,345)
			(31,838)	(30,345)
			(1,792,491)	(1,856,780)

Funds - Long - 30.9%

Security Name	Currency	No. of Shares	Average Cost (\$)	Fair Value (\$)
Arrow EC Income Advantage Alternative Fund, Series 'FD**'	CAD	82,710	748,600	724,775
Arrow Global Advantage Fund, Class 'F**'	CAD	2,184,577	20,952,495	20,952,495
Curvature Market Neutral Fund, Class 'F**'	CAD	173,532	2,142,739	1,605,900
Exemplar Investment Grade Fund, Series 'I**'	CAD	136,356	1,337,951	1,448,429
Global X Silver Miners ETF	USD	6,400	307,745	321,653
iShares MSCI EAFE ETF	USD	14,400	1,203,927	1,189,974
iShares MSCI Emerging Markets ETF	USD	22,400	1,222,628	1,216,106
iShares North American Tech-Software ETF	USD	1,520	579,514	586,565
ProShares Ultra VIX Short-Term Futures ETF	USD	240	11,896	10,677
VanEck Vectors Gold Miners ETF	USD	20,000	924,902	995,935
WisdomTree Japan Hedged Equity Fund	USD	18,800	1,227,844	1,200,086
			30,660,241	30,252,595

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

Schedule of Investment Portfolio (Unaudited) – As at June 30, 2020

Funds - Short - (6.2%)

Security Name	Currency	No. of Shares	Proceeds (\$)	Fair Value (\$)
Communication Services Select Sector SPDR Fund	USD	(4,200)	(302,021)	(308,132)
Consumer Discretionary Select Sector SPDR Fund	USD	(1,800)	(315,137)	(312,082)
Consumer Staples Select Sector SPDR Fund	USD	(11,100)	(901,493)	(883,667)
Financial Select Sector SPDR Fund	USD	(29,200)	(920,838)	(917,314)
Health Care Select Sector SPDR Fund	USD	(4,600)	(611,711)	(624,933)
Industrial Select Sector SPDR Fund	USD	(6,600)	(611,994)	(615,563)
iShares Russell 2000 Value Index Fund	USD	(11,600)	(1,511,601)	(1,534,816)
Materials Select Sector SPDR Fund	USD	(7,900)	(610,205)	(604,356)
VanEck Vectors Semiconductor ETF	USD	(1,500)	(305,034)	(311,162)
			(6,090,034)	(6,112,025)
Commissions			(6,351)	
Total Investments - 52.5%			51,307,081	51,372,023
Derivatives (Refer to Schedule of Derivative Instruments) - 0.5%				419,457
Cash and Other Net Assets (Liabilities) - 46.9%				46,177,957
Net Assets Attributable to Holders of Redeemable Shares - 100.0%				97,969,437

** Fund is managed by Arrow Capital Management Inc.

ARROW GLOBAL ALTERNATIVE ADVANTAGE CLASS

Schedule of Derivative Instruments – As at June 30, 2020

Futures Contracts - Long - 0.1%

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
Bond Futures - 0.0%						
US 10-Year Treasury Notes Futures	1,000	09-21-20	USD	65	12,281,083	13,512
						13,512
Commodity Futures - 0.1%						
Copper Futures	250	09-28-20	USD	10	926,053	17,208
Gold 100 oz Futures	100	08-27-20	USD	6	1,466,615	16,726
Silver Futures	5,000	09-28-20	USD	15	1,897,619	42,832
						76,766
						90,278

Futures Contracts - Short - (0.2%)

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value (\$)	Unrealized Gain/(Loss) (\$)
Currency Futures - 0.0%						
US Dollar Index Futures	1,000	09-14-20	USD	(15)	(1,982,415)	(624)
Index Futures - (0.2%)						
E-Mini Russel 2000 Futures	50	09-18-20	USD	(20)	(1,951,686)	(67,568)
S&P/TSE 60 Index Futures	200	09-17-20	CAD	(20)	(3,714,000)	(78,540)
S&P500 E-mini Futures	50	09-18-20	USD	(10)	(2,097,628)	(37,300)
						(183,408)
						(184,032)

Options Bought - 0.8%

Security Name	Strike Price (\$)	Expiry Date	Currency	No. of Contracts	Average Cost (\$)	Fair Value (\$)
Great Canadian Gaming Corp Call Option	54	01-16-21	USD	400	11,435	3,258
iShares Australia Index Put Option	17	10-17-20	USD	180	22,284	15,273
iShares Inc Msci Brazil ETF Call Option	55	01-16-21	USD	60	6,859	122
SPDR Gold Shares Call Option	175	09-19-20	USD	390	128,603	175,782
SPDR Gold Shares Call Option	183	07-25-20	USD	750	33,454	20,364
GW Pharmaceuticals Call Option	130	08-22-20	USD	25	20,604	16,631
iShares Russell 2000 Put Option	135	09-19-20	USD	68	73,833	57,883
iShares Russell 2000 Value Put Option	80	08-22-20	USD	333	120,210	103,979
iShares Silver Trust Call Option	18	01-16-21	USD	660	117,428	129,922
iShares Silver Trust Call Option	18	08-22-20	USD	450	22,684	29,935
iShares Silver Trust Call Option	21	01-16-21	USD	435	45,027	46,654
SPDR S&P 500 ETF Trust Put Option	280	10-01-20	USD	125	221,814	137,457
USD JPY Put Option	102	08-07-20	USD	5,000,000	44,824	2,629
Financial Select Sector SPDR Put Option	22	10-17-20	USD	83	13,837	15,212
					882,896	755,101

Options Written - (0.0%)

Security Name	Strike Price \$	Expiry Date	Currency	No. of Contracts	Proceeds (\$)	Fair Value (\$)
Vaneck Vectors ETF Call Option	36	07-03-20	USD	(100)	(4,103)	(11,404)
SPDR Gold Shares Call Option	190	07-25-20	USD	(750)	(9,196)	(6,109)
iShares Silver Trust Call Option	20	08-22-20	USD	(450)	(6,744)	(10,997)
Financial Select Sector SPDR Put Option	17	10-17-20	USD	(83)	(3,150)	(3,662)
					(23,193)	(32,172)

ARROW GLOBAL ALTERNATIVE ADVANTAGE CLASS

Schedule of Derivative Instruments – As at June 30, 2020

Forward Currency Contracts - (0.2%)

Counterparty	Purchased		Sold		Credit Rating	Contract Rate	Maturity Date	Unrealized Gain/(Loss) (\$)
	Currency	Notional Value (\$)	Currency	Notional Value (\$)				
CIBC World Markets	USD	1,873,000	CAD	(2,528,419)	Aa2	0.740779	07-07-20	14,336
CIBC World Markets	USD	36,000	CAD	(48,834)	Aa2	0.737191	07-07-20	39
CIBC World Markets	USD	773,000	CAD	(1,043,496)	Aa2	0.740779	07-07-20	5,917
Unrealized Gains								20,292
CIBC World Markets	CAD	40,497,900	USD	(30,000,000)	Aa2	1.34993	07-07-20	(229,620)
CIBC World Markets	USD	2,867,000	CAD	(3,892,526)	Aa2	0.73654	07-07-20	(333)
CIBC World Markets	USD	491,000	CAD	(666,631)	Aa2	0.73654	07-07-20	(57)
Unrealized Losses								(230,010)
Total forward currency contracts								(209,718)
Total Derivative Instruments at Fair Value							\$859,703	\$419,457

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

THE FUND (NOTE 1)

The investment objective of the Arrow Global Advantage Alternative Class (the "Fund") is to generate meaningful, risk-adjusted, absolute returns through exposure to global securities over the medium to long term, while preserving capital and mitigating risk.

To achieve its objective, the Fund will invest and trade primarily in a diversified portfolio of four global asset classes: equities, fixed income securities, commodities and currencies. Exposure to these asset classes may be obtained directly or indirectly by investing in underlying funds that invest such securities.

The Fund may use warrants and derivatives such as options, forwards, futures and swaps for hedging and non-hedging purposes. Such derivatives may be used to hedge against losses from changes in the prices of the Fund's investments and from exposure to interest rate changes, credit spreads and foreign currencies as well as market risk. Specifically, the Fund will use interest rate swaps and futures to hedge against interest rate changes.

Derivatives may also be used to hedge general credit risk and/or to obtain exposure to individual securities and markets instead of buying securities directly. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law.

The fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The Fund's aggregate exposure is calculated as the sum of the following, and must not exceed 300% of its net asset value: (i) the aggregate market value of the Fund's outstanding indebtedness under any borrowing arrangements; (ii) the aggregate market value of all securities sold short; and (iii) the aggregate notional amount of the Fund's specified derivatives positions, minus the aggregate notional amount of the specified derivative positions that are hedging transactions.

The Portfolio Advisor utilizes an opportunistic approach to shorting individual stocks as well as using index options or futures, as a means of attempting to reduce risk and increase performance. Short selling positions will not in total exceed 100% of the Net Asset Value of the Fund.

FINANCIAL INSTRUMENTS -- RISK MANAGEMENT (NOTE 4)

A general discussion of financial risk management for the Fund appears as Note 4: Financial Instruments – Risk Management.

Credit Risk

The Fund did not have significant direct exposure to bonds and debentures, money market instruments or preferred shares as at June 30, 2020 or December 31, 2019.

Liquidity Risk

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. For the period ending June 30, 2020, the minimum margin borrowings used was \$1,529,987 and the maximum margin borrowings used was \$7,273,939 (December 31, 2019: min: \$nil, max: \$16,960,806).

Leverage Risk

During the period ended June 30, 2020, the lowest aggregate amount of leverage exercised by the Fund was \$nil (0.0% of NAV) and the highest aggregate amount of leverage used was \$146.6 million (89.5% of NAV).

Market Risk

The following include sensitivity analyses that show how the net assets attributable to holders of redeemable shares would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure at June 30, 2020 and December 31, 2019, in Canadian dollar terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable shares if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant. Monetary items include cash and cash equivalents, margin deposits, forward currency contracts, futures, options, and other current receivables and payables. Non-monetary items are comprised of long and short equities and funds.

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

June 30, 2020	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non-Monetary \$	Total \$	Monetary \$	Non-Monetary \$	Total \$
United States Dollar - Long	43,845,024	19,907,731	63,752,755	4,384,502	1,990,773	6,375,275
United States Dollar - Short	(46,813,736)	(7,693,128)	(54,506,864)	(4,681,374)	(769,313)	(5,450,687)
Australian Dollar - Long	-	1,806,148	1,806,148	-	180,615	180,615
Australian Dollar - Short	(1,845,655)	-	(1,845,655)	(184,566)	-	(184,566)
Danish Kroner - Long	206	143,544	143,750	21	14,354	14,375
Danish Kroner - Short	(139,450)	-	(139,450)	(13,945)	-	(13,945)
Euro Currency - Long	18,091	4,315,562	4,333,653	1,809	431,556	433,365
Euro Currency - Short	(5,928,121)	-	(5,928,121)	(592,812)	-	(592,812)
British Pound - Long	-	301,235	301,235	-	30,124	30,124
British Pound - Short	(367,001)	-	(367,001)	(36,700)	-	(36,700)
Hong Kong Dollar - Long	-	1,674,908	1,674,908	-	167,491	167,491
Hong Kong Dollar - Short	(1,471,964)	-	(1,471,964)	(147,196)	-	(147,196)
Japanese Yen - Long	564,406	4,166,534	4,730,940	56,441	416,653	473,094
Japanese Yen - Short	(294,167)	-	(294,167)	(29,417)	-	(29,417)
Mexican Peso - Short	(6,814)	-	(6,814)	(681)	-	(681)
Norwegian Krone - Long	153,161	154,390	307,551	15,316	15,439	30,755
Norwegian Krone - Short	(309,842)	-	(309,842)	(30,984)	-	(30,984)
New Zealand Dollar - Short	(10,130)	-	(10,130)	(1,013)	-	(1,013)
Singapore Dollar - Short	(19,498)	-	(19,498)	(1,950)	-	(1,950)
Swedish Kroner - Short	(72,699)	-	(72,699)	(7,270)	-	(7,270)
Swiss Franc - Long	-	141,112	141,112	-	14,111	14,111
Swiss Franc - Short	(150,832)	-	(150,832)	(15,083)	-	(15,083)
Chinese Yuan - Long	1,514	-	1,514	151	-	151
Total	(12,847,507)	24,918,036	12,070,529	(1,284,751)	2,491,803	1,207,052
Redeemable shares issued in USD			(8,220,451)			(822,045)
Net exposure to foreign currencies			3,850,078			385,007
% of net assets attributable to holders of redeemable shares	(13.1%)	25.4%	12.3%	(1.3%)	2.5%	1.2%
% of net assets attributable to shares issued in USD			(8.4%)			(0.8%)
% of net assets exposed to foreign currencies			3.9%			0.4%

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

December 31, 2019	Exposure			Impact on net assets attributable to holders of redeemable shares		
	Monetary \$	Non-Monetary \$	Total \$	Monetary \$	Non-Monetary \$	Total \$
Currency						
United States Dollar - Long	8,892,185	51,957,870	60,850,055	889,219	5,195,787	6,085,006
United States Dollar - Short	(54,599,494)	(8,945,145)	(63,544,639)	(5,459,949)	(894,515)	(6,354,464)
Australian Dollar - Long	-	32,200	32,200	-	3,220	3,220
Australian Dollar - Short	(98,764)	-	(98,764)	(9,876)	-	(9,876)
Danish Kroner - Long	15,257	-	15,257	1,526	-	1,526
Euro Currency - Long	1,803,594	1,275,991	3,079,585	180,359	127,599	307,958
Euro Currency - Short	(1,529,440)	-	(1,529,440)	(152,944)	-	(152,944)
British Pound - Long	5,040,272	197,325	5,237,597	504,027	19,733	523,760
British Pound - Short	(2,133,436)	-	(2,133,436)	(213,344)	-	(213,344)
Hong Kong Dollar - Long	-	202,547	202,547	-	20,255	20,255
Hong Kong Dollar - Short	(127,331)	-	(127,331)	(12,733)	-	(12,733)
Japanese Yen - Long	2,414,789	1,217,226	3,632,015	241,479	121,723	363,202
Japanese Yen - Short	(644,629)	-	(644,629)	(64,463)	-	(64,463)
Mexican Peso - Short	(1,361)	-	(1,361)	(136)	-	(136)
Norwegian Krone - Long	382	125,124	125,506	38	12,512	12,550
Norwegian Krone - Short	(135,267)	-	(135,267)	(13,527)	-	(13,527)
New Zealand Dollar - Short	(8,675)	-	(8,675)	(868)	-	(868)
Singapore Dollar - Short	(13,599)	-	(13,599)	(1,360)	-	(1,360)
Swedish Kroner - Long	1,234	-	1,234	123	-	123
Swiss Franc - Long	8,125	-	8,125	813	-	813
Total	(41,116,158)	46,063,138	4,946,980	(4,111,616)	4,606,314	494,698
Redeemable shares issued in USD			(3,140,137)			(314,014)
Net exposure to foreign currencies			1,806,843			180,684
% of net assets attributable to holders of redeemable shares	(52.3%)	58.6%	6.3%	(5.2%)	5.9%	0.6%
% of net assets attributable to shares issued in USD			(4.0%)			(0.4%)
% of net assets exposed to foreign currencies			2.3%			0.2%

(b) Interest Rate Risk

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2020 and December 31, 2019. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable shares if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to Maturity	Long Exposure		Short Exposure	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Greater than 5 years	12,281,083	12,321,616	-	-
Total	\$ 12,281,083	\$ 12,321,616	\$ -	\$ -
Sensitivity:				
Total \$ sensitivity	+/- \$ 790,146	+/- \$ 518,715	+/- \$ -	+/- \$ -
Total % sensitivity	0.8%	0.7%	0.0%	0.0%

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

(c) Price Risk

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the prospectus.

As at June 30, 2020, the impact on net assets of the Fund due to a 5% change in market prices of equity securities, funds, warrants and fixed income with all other variables held constant, is presented in the following table.

Impact on net assets attributable to holders of redeemable shares		June 30, 2020	December 31, 2019
		%	%
5% Increase		1,520,976	2,653,698
5% Decrease		(1,520,976)	(2,653,698)

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold short at prices which may be significantly higher than the fair value reflected on the financial statements.

Concentration Risk

The following is a summary of the Fund's concentration risk by market segment, as a percentage of net assets attributable to holders of redeemable shares:

Market Segment	June 30, 2020		December 31, 2019	
	Long (%)	Short (%)	Long (%)	Short (%)
Communication Services	1.2	(0.7)	2.1	(1.4)
Consumer Discretionary	3.3	(0.2)	3.5	(3.0)
Consumer Staples	3.8	-	1.6	(0.7)
Energy	0.2	-	3.5	-
Financials	1.4	(0.3)	3.5	(3.5)
Funds	30.9	(6.2)	48.5	(0.0)
Health Care	2.5	-	3.7	(0.1)
Industrials	3.6	(0.4)	3.1	(2.9)
Information Technology	6.5	(0.3)	3.9	(1.4)
Materials	2.6	-	3.4	(0.7)
Real Estate	1.5	(0.0)	2.4	(0.2)
Utilities	3.2	-	2.0	-
Derivatives	0.9	(0.4)	1.2	(0.1)
Totals	61.6	(8.5)	82.4	(14.0)

FINANCIAL INSTRUMENTS -- FAIR VALUE MEASUREMENT (NOTE 5)

A general discussion of fair value measurement for the Exemplar Funds appears as Note 5: Financial Instruments – Fair Value Measurement.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2020 and December 31, 2019:

ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS

FUND SPECIFIC NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

June 30, 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	29,088,233	-	-	29,088,233
Fixed income	-	-	-	-
Funds	30,252,595	-	-	30,252,595
Derivatives	845,379	20,292	-	865,671
	60,186,207	20,292	-	60,206,499
Financial liabilities				
Equities sold short	(1,856,780)	-	-	(1,856,780)
Fixed income sold short	-	-	-	-
Funds	(6,112,025)	-	-	(6,112,025)
Derivatives	(216,204)	(230,010)	-	(446,214)
	(8,185,009)	(230,010)	-	(8,415,019)
Total	52,001,198	(209,718)	-	51,791,480

December 31, 2019	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities	25,785,596	-	-	25,785,596
Fixed income	-	-	-	-
Funds	35,775,774	2,390,347	-	38,166,121
Derivatives	81,386	840,201	-	921,587
	61,642,756	3,230,548	-	64,873,304
Financial liabilities				
Equities sold short	(10,915,445)	-	-	(10,915,445)
Fixed income sold short	-	-	-	-
Funds	(17,130)	-	-	(17,130)
Derivatives	(94,404)	(416)	-	(94,820)
	(11,026,979)	(416)	-	(11,027,395)
Total	50,615,777	3,230,132	-	53,845,909

During the periods ended June 30, 2020 and December 31, 2019 there were no transfers between Level 1 and Level 2. The following table presents the movement in Level 3 instruments for the periods ended June 30, 2020 and December 31, 2019 by class of financial instrument. The Level 3 instrument held was Arrow Distressed Securities Fund, Class A.

Financial assets at fair value through profit and loss		
	June 30, 2020	December 31, 2019
	\$	\$
Opening balance	-	-
Net purchases and sales	-	(314,436)
Net transfers in (out)	-	-
Realized gain (loss)	-	314,436
Unrealized appreciation (depreciation)	-	-
Closing balance	-	-

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

1. THE FUNDS

Exemplar Portfolios Ltd. (the “Company”) is an open-ended mutual fund corporation incorporated under the Business Corporations Act (Ontario) on March 18, 2008. The Company’s shares comprise of three classes of redeemable mutual fund shares: Arrow Canadian Advantage Alternative Class, Arrow Global Advantage Alternative Class and WaveFront Global Diversified Investment Class (collectively, the “Funds”).

Each Fund is an alternative mutual fund as established by National Instrument 81-102 - Investment Funds (“NI 81-102”), meaning they are permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage. As a result of exemptive relief obtained by the Funds to utilize market-neutral strategies (the “Market-Neutral Strategy Relief”), the Funds may engage in short selling transactions with an aggregate market value of up to 100% of their net asset value (subject to a combined limit on short selling and cash borrowing of 100% of their net asset value). The Funds have also obtained custodian relief to permit the Funds to have more than one Custodian (the “Custodian Relief”).

If the Company cannot satisfy its obligations related to each legally distinct class, it may be required to satisfy such obligations using assets attributable to all the Funds in the Company. Arrow Capital Management Inc. (“Arrow”) is the manager (“Manager”) of the Funds. The Manager believes that the risk of such cross-class liability is remote.

These interim financial statements present the financial results for two classes of shares of the Company, Arrow Canadian Advantage Alternative Class (the “Canadian Advantage Alternative Class”) and Arrow Global Advantage Alternative Class (the “Global Advantage Alternative Class”), each a “Fund” and collectively, the “Arrow Funds”. The interim financial statements for the third class of the Company, WaveFront Global Diversified Investment Class are available on SEDAR.

The date of inception and series structure of the Arrow Funds are as follows:

<u>Name of the Arrow Fund</u>	<u>Date of Inception</u>	<u>Series Information</u>
Arrow Canadian Advantage Alternative Class	March 18, 2008 January 10, 2012	Series A and F Series L
Arrow Global Advantage Alternative Class	December 31, 2018 February 12, 2019	Series A, F and ETF Series U and G

Each Fund may offer an unlimited number of series or shares and may issue an unlimited number of shares of each series. Each series of the Funds is intended for different investors. In the future, the offering of any series of shares of the Funds may be terminated or additional series of shares may be offered. The number of issued and outstanding securities of each series is disclosed in the Statements of Financial Changes and Statements of Financial Position. A description of each series of shares offered by the Funds as of these financial statements is provided below:

Series	Description
Series A	Series A shares are available to all investors on a front-end sales charge basis.
Series U	Series U shares have the same characteristics as Series AD, except that Series U shares are offered for purchase in U.S. dollars only. The Funds hedge against changes in the U.S. currency relative to the Canadian currency in respect of Series U shares and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies.
Series F	Series F shares are generally only available to investors who participate in a dealer sponsored fee-for-service or wrap program with their registered dealer and who are subject to an annual advisory or asset-based fee rather than commissions on each transaction. The Manager is able to reduce the management fee rate on Series F shares because of lower costs and because investors who purchase Series F shares will usually have entered into a separate agreement to pay account fees to their registered dealer for their individual investment programs.
Series G	Series G shares have the same characteristics as Series FD, except that Series G shares are offered for purchase in U.S. dollars only. The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of Series G shares and in doing so attempts to eliminate the fluctuations between the Canadian and U.S. currencies.

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

Series L Series L shares are available to all investors on a low-load option.

Series ETF Series ETF shares will be issued and sold on a continuous basis and there is no maximum number of Series ETF shares that may be issued. Series ETF shares of the Arrow Funds can be bought in Canadian dollars only. The Series ETF shares have not been listed on a stock exchange. Only funds managed by Arrow have invested in Series ETF shares at the date of these financial statements.

Fund Acquisition into Arrow Canadian Advantage Alternative Class

Effective June 30, 2020, after receiving unitholder approval, Broadview Dark Horse Long/Short Fund (the "Terminating Fund") was acquired by Arrow Canadian Advantage Alternative Class (the "Continuing Fund"). Unitholders of the Terminating Fund received shares of the Continuing Fund in exchange for their units of the Terminating Funds on a taxable basis. The transaction has been accounted for as an acquisition of the Terminating Fund at fair market value.

Details relating to the transaction are as follows:

Conversion Ratios of Broadview Dark Horse Long/Short Fund (Terminating Fund)				
	Net Assets acquired by Arrow Canadian Advantage Alternative Class (Continuing Fund) \$	Shares issued by Arrow Canadian Advantage Alternative Class	Class A	Class F
Series A	\$698,226	31,655.827	0.3757	
Series F	\$3,201,861	131,704.205		0.3472

Fund Acquisition into Arrow Global Advantage Alternative Class

Effective June 30, 2020, after receiving unitholder approval, Arrow Global Advantage Fund (the "Terminating Fund") was acquired by Arrow Global Advantage Alternative Class (the "Continuing Fund"). Unitholders of the Terminating Fund received shares of the Continuing Fund in exchange for their units of the Terminating Fund on a taxable basis. The transaction has been accounted for as an acquisition of the Terminating Fund at fair market value.

Details relating to the transaction are as follows:

Conversion Ratios of Arrow Global Advantage Fund (Terminating Fund)						
	Net Assets acquired by Arrow Global Advantage Alternative Class (Continuing Fund) \$	Shares issued by Arrow Global Advantage Alternative Class	Class A	Class F	Class G	Class U
Series A	\$2,102,469	208,043.680	0.8920			
Series F	\$14,285,089	1,391,210.501		0.9341		
Series G	\$2,870,830	273,146.993			1.1111	
Series U	\$491,676	47,335.243				1.0831

Effective October 31, 2019, after receiving unitholder approval, Curvature Market Neutral Fund (the "Terminating Fund") was acquired by Arrow Global Advantage Alternative Class (the "Continuing Fund"). Unitholders of the Terminating Fund received shares of the Continuing Fund in exchange for their units of the Terminating Fund on a taxable basis.

Effective March 22, 2019, after receiving unitholder approval, SG U.S. Market Neutral Fund and Lazard Global Credit II Fund (the "Terminating Fund") was acquired by Arrow Global Advantage Alternative Class (the "Continuing Fund"). Unitholders of the Terminating Funds received shares of the Continuing Fund in exchange for their units of the Terminating Fund on a taxable basis.

Each of the transactions have been accounted for as an acquisition of the Terminating Funds at fair market value.

Details relating to the transactions are as follows:

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

Conversion Ratios of Curvature Market Neutral Fund (Terminating Fund)				
	Net Assets acquired by Arrow Global Advantage Alternative Class (Continuing Fund) \$	Shares issued by Arrow Global Advantage Alternative Class	Class A	Class F
Series A	\$13,153,068	1,341,288	1.1942	
Series F	\$23,751,749	2,398,512		1.2469

Conversion Ratios of Lazard Global Credit II Fund (Terminating Fund)														
	Net Assets acquired by Arrow Global Advantage Alternative Class (Continuing Fund) \$	Shares issued by Arrow Global Advantage Alternative Class	Class A	Class F	Class U	Class G	Class AI	Class FI	Class UI	Class GI	Class AN	Class FN	Class UN	Class GN
Series A	\$8,362,611	845,845	0.8575					0.3754			1.1140			
Series F	\$6,351,628	640,569		0.9174					0.4435				1.1460	
Series G	\$491,447	48,618				0.9019				0.5890				1.1400
Series U	\$1,038,556	102,691			0.8766				0.4768				1.1094	

Conversion Ratios of SG U.S. Market Neutral Fund (Terminating Fund)							
	Net Assets acquired by Arrow Global Advantage Alternative Class (Continuing Fund) \$	Shares issued by Arrow Global Advantage Alternative Class	Class A	Class F	Class X	Class G	Class U
Series A	\$8,815,142	891,616.2	1.2413			1.2413	
Series F	\$3,677,962	370,926.8		1.4807			
Series G	\$927,286	91,734.2				1.1431	
Series U	\$287,008	28,379.0					1.0901

The address of the Funds' registered office is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

The information provided in these financial statements and notes thereto is for the six-month periods ended or as at June 30, 2020 and 2019, except for the comparative information presented in the Statements of Financial Position and notes thereto, which is as at December 31, 2019, as applicable. In the year a Fund or series is established or reinstated, 'period' represents the period from inception or reinstatement. Refer to the table above for the inception date of each series. The Schedule of Investment Portfolio is as at June 30, 2020.

These financial statements were approved and authorized for issue by management on August 24, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Accounting

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These financial statements were prepared using the same accounting policies, critical accounting judgements and estimates as applied in the Fund's most recent audited annual financial statements for the year ended December 31, 2019 and should be read in conjunction with those annual financial statements. These financial statements are presented in Canadian dollars, which is the Arrow Funds' functional and presentation currency. These financial statements have been prepared on a going concern basis using the historical cost convention, except for financial assets and financial liabilities that have been measured at fair value.

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in its process of applying the Arrow Funds' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3: Significant Accounting Estimates and Judgments.

2.2 Financial Instruments

Financial instruments include financial assets and liabilities such as fixed income securities, equity securities, investment funds, exchange-traded funds and derivatives.

Classification

The Arrow Funds classify and measure their financial instruments in accordance with IFRS 9 *Financial Instruments* ("IFRS 9"). Investment classification is based on both the Arrow Funds' business model for managing those investments and the contractual cash flow characteristics of the financial assets. The Arrow Funds' portfolio of investments is managed and performance is evaluated on a fair value basis. The Arrow Funds are primarily focused on fair value information and use that information to assess their assets' performance and to make decisions. The contractual cash flows of the Arrow Funds' debt securities are generally principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Arrow Funds' business model objective. Consequently, all investments are measured at Fair Value Through Profit or Loss ("FVTPL").

The Arrow Funds may sell securities short, in which a borrowed security is sold in anticipation of a decline in the market value of that security. Short sales are held for trading and are consequently classified as financial liabilities at FVTPL. Derivatives include warrants, swaps, options, futures and forward currency contracts. Derivative contracts that have a negative fair value are classified as FVTPL.

The Arrow Funds redeemable share entitlements include a contractual obligation to distribute any net income and net realized capital gains at least annually in cash (at the request of the shareholder) and therefore meet the contractual obligation requirement under IAS 32, *Financial Instruments: Presentation* to be classified as financial liabilities in these financial statements. The Arrow Funds' obligation for net assets attributable to holders of redeemable shares are presented at the redemption amount, which approximates their fair value.

All other financial assets and liabilities are measured at amortized cost, which approximates fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest.

Financial assets and liabilities are offset and the net amounts are presented in the Statements of Financial Position when, and only when, the Arrow Funds have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously. In the normal course of business, the Arrow Funds enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position, but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of contracts. See Note 8 for more details on offsetting done by the Arrow Funds.

Recognition and Measurement

Regular purchases and sales of investments are recognized in the Statements of Financial Position on the trade date – the date on which the Arrow Funds commit to purchase or sell the investment. Transaction costs are expensed as incurred in the Statements of Comprehensive Income (Loss) in 'Commissions and other portfolio transaction costs'. Financial assets and liabilities are measured at fair market value as presented below. Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Arrow Funds have transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled and expires. Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income (Loss) in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives'.

IAS 7, *Statement of Cash Flows*, requires disclosures related to changes in liabilities and assets, such as the securities of the Arrow Funds, arising from financing activities. Changes in securities of the Arrow Funds, including both changes from cash flows and non-cash changes, are included in the Statements of Changes in Financial Position. Any changes in the securities not settled in cash as at the end of the period are presented as either 'Accounts receivable for investments issued' or 'Accounts payable for investments redeemed' in the Statements of Financial Position. These accounts receivable and accounts payable amounts typically settle shortly after period-end.

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

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2.3 Fair Value Measurements of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of financial assets and liabilities traded in active markets (such as publically traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Arrow Funds use the last traded market price for both financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Unlisted securities are valued based on price quotations from recognized investment dealers, or failing that, their fair value is determined by the Manager on the basis of the latest reported information available. Unlisted warrants, if any, are valued at their intrinsic value using recognized methods such as the Black-Scholes option valuation model. The model factors in the time value of money and the volatility inputs significant to such valuation. Fixed income securities, debentures, and other debt instruments are valued at the quotation received from independent security pricing services or recognized investment dealers. Short-term debt instruments are carried at amortized cost, which approximates fair value. Underlying funds are valued on each business day at their net asset value as reported by the underlying funds manager. Commodities, if any, held by the Arrow Funds are valued based on the quoted price provided by an independent pricing source.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. These valuation models may be based, in part, on assumptions that are not supported by observable inputs such as market conditions existing at each reporting date. Valuation techniques include, but are not limited to, the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other techniques commonly used by market participants which make the maximum use of observable inputs. These values are independently assessed by the Manager to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities may be materially different from the values that would have been used had a ready market for the investment existed. The fair values of securities where no market price exists are affected by the perceived credit risks of the issuer, predictability of cash flows and the length of time to maturity.

IFRS 13, *Fair value measurement*, requires the use and disclosure of a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value of financial instruments.

Changes in valuation methodology may result in transfers in and out of a level. The Arrow Funds policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments, as applicable are disclosed in the Fund Specific Notes to the Unaudited Financial Statements.

The Manager is responsible for performing the fair value measurements included in the financial statements of the Arrow Funds, including level 3 measurements. The Manager obtains pricing from a third party pricing vendor, which is monitored and reviewed daily. At each financial reporting date, the Manager reviews and approves all level 3 fair value measurements. The manager also has a Valuation Committee which includes members of the finance, investment and compliance teams. The committee meets quarterly to perform detailed reviews of the valuations of investments held by the Arrow Funds.

2.4 Income Recognition

Gains and losses arising from changes in fair value of non-derivative financial assets are shown in the Statements of Comprehensive Income as 'Net change in unrealized gain (loss) on investments and derivatives' and as 'Net realized gain (loss) on investments and derivatives' when the positions are sold. Gains and losses are calculated using average cost, excluding commission and other transaction costs. Average cost does not include amortization of premiums or discounts on fixed income securities.

Gains and losses arising from changes in fair value of securities sold short, are shown in the Statements of Comprehensive Income as 'Net change in unrealized gain (loss) on investments and derivatives' and as 'Net realized gain (loss) on investments and derivatives' when positions are closed out and are calculated with reference to the average proceeds of the related securities, where applicable.

Gains and losses arising from changes in fair value of derivatives are shown in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized gain (loss) on investments and derivatives' and as 'Net realized gain (loss) on investments and derivatives' when positions are closed out or have expired, where applicable.

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Interest for distribution purposes is shown on the Statements of Comprehensive Income (Loss) and represents the coupon interest received by the Arrow Funds accounted for on an accrual basis. The Arrow Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds which are amortized on a straight-line basis.

Dividend income and dividend expense on short sales are shown on the Statements of Comprehensive Income (Loss) on the ex-dividend date.

Distributions received from investment trusts and underlying funds are recorded as dividends, interest for distribution purposes, net realized gains (losses) on sale of investments or a return of capital, based on the best information available to the Manager. Due to the nature of those investments, actual allocations could vary from this information. Distributions from income trusts and underlying funds that are treated as a return of capital for income tax purposes reduce the average cost of the income trusts and underlying funds.

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. When the Arrow Funds purchase an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Arrow Funds write an option, an amount equal to fair value which is based on the premium received by the Arrow Funds is recorded as a liability. Options held by the Arrow Funds are exchange-traded. Option contracts are valued at the last traded price taken from the exchange. Option contracts are valued each valuation day according to the gain or loss that would be realized if the contracts were closed out. All unrealized gains (losses) arising from option contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss) until the contracts are closed out or expire, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive Income (Loss) within 'Net realized gain (loss) on investments and derivatives'.

Forward Currency Contracts

The Arrow Funds may enter into forward currency contracts for purposes of minimizing currency exposure or to establish an exposure to a particular currency. Foreign currency forward contracts are valued on each valuation day based on the difference between the contract rate and the current forward rate at the close of the measurement date, applied to the contract's notional amount and adjusted for counterparty risk. All unrealized gains (losses) arising from foreign currency forward contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss) and 'Unrealized gain (loss) on forwards' in the Statements of Financial Position until the contracts are closed out or expire, at which time the gains (losses) are realized and reported in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

Futures Contracts

The Arrow Funds may purchase or sell exchange traded futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price established in an organized market. Futures contracts are valued on each valuation day using the closing price posted on the relevant public exchange. Cash and cash equivalents are held as margin against futures contracts which are reflected in the Statements of Financial Position in 'Margin deposits'. All unrealized gains (losses) arising from futures contracts are recorded as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss) and 'Unrealized gain (loss) on futures' in the Statements of Financial Position. When futures contracts are closed out or expire the gain or loss is realized and reported as 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

Credit Default Swaps

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The Arrow Funds as a seller of protection would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third party. In return, the Arrow Funds would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the Arrow Funds would keep the stream of payments and would have no payment obligations. The Arrow Funds as a buyer of protection would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third party. In return, the Arrow Funds would be required to pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs.

Premiums received or paid for entering into a credit default swap are included in the Statements of Financial Position as either an asset or liability. Credit default swaps are fair valued on each valuation day based upon quotations from independent security pricing sources. The change in the difference

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between the premium and the fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss). Premiums paid or received from credit default swap agreements are included in 'Interest expense on derivatives', if applicable. When credit default swap agreements expire or are closed out, gains or losses are included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

Interest Rate Swap Contracts

An interest swap contract is a contractual agreement entered into between the Arrow Funds and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The fair value of interest rate swaps is determined using indicative closing market values obtained from third-party broker-dealers. The broker-dealers determine the fair value using valuation methods that are based on assumptions that are supported by observable market inputs, including the interest rates for that day. Any income received or expense incurred is recorded as 'Interest expense on derivatives', if applicable, in the Statements of Comprehensive Income (Loss). The unrealized gain or loss on interest rate swaps is reflected in the Statements of Comprehensive Income (Loss) as 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives'. When the interest rate swaps are closed out, any gains (losses) are recorded as Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

Total Return Swaps

A total return swap is an agreement between the Arrow Funds and a counterparty where single or multiple cash flows are exchanged based on the price of an underlying reference asset and based on a fixed or variable rate. Over the term of the contract, the Arrow Funds will pay to the counterparty a periodic stream of payment based on fixed or variable rate. Such periodic payments paid are accrued daily and are included in the Statements of Comprehensive Income in 'Interest expense'. At the maturity date, a net cash flow is exchanged where the total return is equivalent to the return of the underlying reference asset less a rate, if any. As a receiver, the Arrow Funds would receive payments based on any net positive total return and would owe payments in the event of a net negative total return.

The unrealized gain or loss on total return swaps is reflected in the Statements of Comprehensive Income as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives'. When the total return swaps are closed out, any gains or (losses) are recorded in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

Short Selling

When the Arrow Funds sell a security short, it will borrow that security from a broker to complete the sale. As the Arrow Funds borrow a security from the broker, the Arrow Funds is required to maintain a margin account with the broker containing cash or liquid securities. The cash held on margin in respect of short sale activity, if any, is included in 'Margin deposits' in the Statements of Financial Position. The maximum loss on securities sold short can be unlimited. The Arrow Funds will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Arrow Funds closed out its short position by buying that security. The Arrow Funds will realize a gain if the security declines in price between these dates. The gain or loss that would be realized if the position was to be closed out on the valuation date is reflected in the Statements of Comprehensive Income (Loss) as part of 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' and in the Statements of Financial Position in "Investment sold short". When the short position is closed out, gains and losses are realized and included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income (Loss).

Offsetting of Financial Instruments

The disclosures set out in the Offsetting of Financial Instruments tables in Note 8, where applicable, include foreign currency forward contracts and assets and liabilities that are subject to an enforceable master netting agreement. Transactions with individual Counterparties are governed by separate master netting agreements. Each agreement allows for net settlement of certain open contracts where the Arrow Funds and their respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. However, each party to the master netting agreement will have the option to settle all open contracts on a net basis in the event of default of the other party.

International Swaps and Derivatives Association Inc. Master Agreements ("ISDA Master Agreements") govern OTC financial derivative transactions entered into by the Arrow Funds and select counterparties. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default and termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements.

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The Arrow Funds may be subject to various master agreements or netting arrangements with select counterparties. These master agreements reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Since different types of transactions have different mechanics and are sometimes traded out of different legal entities of a particular counterparty organization, each type of transaction may be covered by a different master agreement resulting in the need for multiple agreements with a single counterparty. As the master agreements are specific to unique operations of different asset types, they allow the Arrow Funds to close out and net their total exposure to a counterparty in the event of a default with respect to the transactions governed under a single agreement with a counterparty.

Investments in Unconsolidated Structured Entities

The Arrow Funds may invest in mutual funds, exchange-traded funds or closed end funds managed by the Manager or third party investment managers. The Arrow Funds consider all investments in such instruments ("Underlying Funds") to be investments in unconsolidated structured entities based on the fact that the decisions made by these Underlying Funds are not governed by voting rights or any other similar rights held by the Arrow Funds. The Arrow Funds account for these unconsolidated structured investments at fair value.

The Underlying Funds each have their own objectives and investment strategies which assist the Arrow Funds in achieving their investment objectives. The Underlying Funds primarily finance their operations by issuing redeemable units or shares which are puttable at the holder's option in the case of mutual funds and exchange traded funds or through issuing non-redeemable units or partnership interests in the case of closed-ended funds. The Underlying Funds entitle the holder to a proportional stake in the respective underlying fund's net assets. The Arrow Funds hold units, shares or partnership interests in each of their Underlying Funds, if applicable. These investments are included in 'Investments' and 'Investments sold short' in the Statements of Financial Position. Investments in underlying mutual funds are valued based on the net asset value per share or unit provided by the underlying mutual funds' manager at the end of each valuation date. Investments in ETF's are valued at the closing market price recorded by the security exchange on which the security is principally traded. The change in fair value of each Underlying Fund is included in the Statements of Comprehensive Income as 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' until these Underlying Funds are sold, at which time the gains (losses) are realized and reflected in the Statements of Comprehensive as 'Net realized gain (loss) on investments and derivatives'. The Arrow Funds' maximum exposure to loss from their interests in Underlying Funds is equal to the total carrying value of their investment in Underlying Funds. The exposure to investments in Underlying Funds at fair value is disclosed in Note 6.

2.5 Cash and Cash Equivalents

Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented under current liabilities as 'bank overdraft' in the Statements of Financial Position, as applicable.

2.6 Margin Loans

Margin loans represent cash amounts borrowed under a margin agreement with the Arrow Funds' prime broker. The Arrow Funds has granted a first priority security interest over investments and other assets held at the prime broker in support of its obligations under its margin lending agreement. Amounts owing are payable upon demand (if applicable), and are shown in the Statements of Financial Position as 'Margin Loans'.

2.7 Foreign Exchange Translation

Foreign currency amounts denominated in foreign currencies are converted into the functional currency as follows: fair values of investments, foreign currency contracts and other assets and liabilities at the closing rate of exchange prevailing on each business day; income and expenses, purchases and sales and settlements of investments at the rates of exchange applicable on the respective dates of such transactions. Foreign exchange gains (losses) relating to cash are presented as 'Foreign exchange gain (loss)' and 'Net change in unrealized foreign exchange gain (loss)' and those relating to other financial assets and liabilities are presented within 'Net realized gain (loss) on investments and derivatives' and 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income (Loss).

2.8 Net Asset Value

Net asset value ("NAV") per share of each series of each Fund is calculated at the end of each day on which the Toronto Stock Exchange is open for business by dividing the total NAV for each series of an Arrow Fund by the number of shares of that series outstanding.

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The NAV of each series is computed by calculating the value of that series' proportionate share of the Arrow Funds' assets less that series' proportionate share of the Arrow Funds' common liabilities and less series specific liabilities. Expenses directly attributable to a series are charged to that series. Other income, expenses, gains and losses, are allocated to each series of an Arrow Fund proportionately based upon the relative total NAV of each series.

As at June 30, 2020 and 2019 and December 31, 2019, there were no differences between the NAV used for transactions with shareholders as calculated under Part 14 of National Instrument 81-106 Investment Arrow Funds for Continuous Disclosure and the net assets attributable to holder redeemable shares used for reporting purposes under IFRS.

2.9 Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share

Increase (decrease) in net assets attributable to holders of redeemable shares per unit disclosed in the Statements of Comprehensive Income (Loss) is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable shares from operations of each series of an Arrow Fund by the weighted average number of shares outstanding in that series during the period.

2.10 Commissions and Other Portfolio Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, are included in 'Commissions and other portfolio transaction costs' in the Statements of Comprehensive Income (Loss).

2.11 Securities Lending, Repurchase and Reverse Repurchase Agreements

The Arrow Funds are permitted to enter into securities lending, repurchase and reverse repurchase transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities at a future date. The loaned assets of each Fund are not permitted to exceed 50% of the aggregate net asset value of the Fund.

Securities lending transactions are administered by the Bank of New York Mellon, where applicable. The value of cash or securities collateral held as collateral must be at least 102% of the fair value of the securities loaned, sold or repurchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statements of Comprehensive Income (Loss) in 'Securities lending income' when earned.

2.12 Withholding Tax

The Arrow Funds may, from time to time, incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income (Loss).

2.13 Harmonized Sales Tax

Certain provinces including Ontario, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador (each a Participating Tax Jurisdiction) have harmonized their provincial sales tax ("PST") with the federal goods and services tax ("GST"). The Harmonized Sales Tax ("HST") combines the federal GST rate of 5% with the PST rate of the participating province. The province of Quebec also applies the Quebec sales tax ("QST") of 9.975%. The Provincial HST liability or refund is calculated using the residency of shareholders and the value of their interest in the Arrow Funds as at specific times, rather than the physical location of the Arrow Funds. The effective sales tax rate charged to each series of the Arrow Funds is based on the shareholders' proportionate investments by province, using each province's HST rate, GST rate in the case of non-participating provinces and/or QST rate. All amounts are presented as 'Harmonized sales tax/goods and services tax' in the Statements of Comprehensive Income.

2.14 Non-cash transactions

Non-cash transactions on the Statements of Cash Flows include reinvested distributions from the underlying mutual funds, series switches in the same Arrow Funds and stock dividends from equity investments. These amounts represent non-cash income recognized in the Statements of Comprehensive Income.

The 'Proceeds from redeemable shares issued' and 'Redemption of redeemable shares' on the Statements of Cash Flows exclude non cash transactions.

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2.15 Due from and to Brokers

Amounts due from and to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the Statements of Financial Position date, respectively. The due from brokers balance is held for collection. These amounts are recognized initially at fair value and subsequently measured at amortized cost. Amounts due from brokers are presented in "Receivables for investments sold" and amounts due to brokers are presented in "Payable for investments purchased" in the Statements of Financial Position.

2.16 Mergers

The Arrow Funds apply the acquisition method of accounting for Arrow Fund mergers. Under this method, one of the Arrow Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Arrow Funds involved in the merger are referred to as the Terminating Fund. This identification is based on the comparison of the relative net asset values of the Arrow Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting estimates and judgments that the Arrow Funds has made in preparing the financial statements:

Use of Estimates

Fair Value measurement of derivatives and securities not quoted in an active market

The Arrow Funds hold financial instruments that are not quoted in active markets, including derivatives. Fair value of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Arrow Funds may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Arrow Funds consider observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 5: Financial Instruments – Fair Value Measurement for further information about the fair value measurement of the Arrow Funds' financial instruments.

Use of Judgments

Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Arrow Funds, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Arrow Funds' business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's' financial statements.

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The Arrow Funds meet the definition of investment entity as it obtains funds from one or more investors for the purpose of providing those investors with professional investment management services and commit to their investors that it's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The Arrow Funds measure and evaluate the performance of substantially all of its investments on a fair value basis.

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Determination if Underlying Funds Meet the Structured Entity Definition

The Arrow Funds have concluded that its investments in the Underlying Funds are investments in unconsolidated structured entities. This represents a significant judgment by the Arrow Funds that is based generally on the fact that the decision making about the Underlying Funds investing activities is not governed by voting rights held by the Arrow Funds and other investors.

4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

In the normal course of business, each Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk), concentration risk and capital risk. Please refer to Fund Specific Notes to the Unaudited Financial Statements for each Arrow Funds specific risk disclosure.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument, such as fixed income securities, preferred shares and derivatives, will fail to discharge an obligation or commitment that it has entered into with the Arrow Funds. The fair value as presented in the Statement of Investments and Statement of Financial Position includes consideration of the creditworthiness of the issuer, and accordingly represents the maximum credit risk exposure to the Arrow Funds.

The Arrow Funds may also be exposed to credit risk to the extent that the Arrow Funds' custodian may not be able to settle trades for cash. All transactions in listed securities and derivatives are settled or paid upon delivery using approved brokers with an approved credit rating. The risk of default with the counterparty is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is only made on a purchase once the securities have been received by the broker.

In addition, Canadian securities regulations require that the Arrow Funds employ a custodian that meets certain capital requirements. These regulations state that, among other things, a fund's custodian be either a bank listed in Schedule I, II, or III of the Bank Act (Canada), or a company incorporated in Canada affiliated with a bank with shareholders' equity of not less than \$10,000,000. CIBC World Markets, the custodian for both Arrow Funds, and CIBC Mellon Trust Company, the custodian for the Canadian Advantage Alternative Class, each meet the Canadian Securities Administrators' requirements to act as the custodian.

The Manager has appointed prime brokers, including CIBC World Markets Inc. and Bank of Montreal, which may hold assets for the Arrow Funds as the Arrow Funds may engage in short selling and other derivative transactions. The prime broker accounts may provide less segregation of the Arrow Funds' assets than would be the case with a more conventional custody arrangement. As a result, the Arrow Funds' assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Arrow Funds may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors and adverse market movements while its positions cannot be traded. In addition, the Arrow Funds brokerage agreements requires collateral of 150% of the net asset value of securities sold short.

The Arrow Funds may enter into securities lending transactions with counterparties and it may also be exposed to credit risk from the counterparties to the derivative instruments it may use. Credit risk associated with these transactions is considered minimal as all counterparties have approved credit rating and the market value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned as at the end of each trading day.

The credit ratings reported in the Statement of Investments and Fund Specific Notes to the Unaudited Financial Statements for issuers of debt instruments, counterparties of derivative transactions, prime brokers, and custodians, where applicable, are obtained from Standard & Poor's Rating Services, Moody's Investors Services, Inc. and / or Dominion Bond Rating Service.

Liquidity Risk

Liquidity risk arises when the Arrow Fund encounters difficulty in meeting its financial obligations as they come due. Each Arrow Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable securities. Generally, the Arrow Funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity. However, liquidity risk also involves the ability to sell an asset for cash easily and at a fair price. Some securities may be illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which

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could impair the ability of an Arrow Fund to sell such securities quickly or at a fair price. Difficulty in selling securities could result in a loss or a lower return for an Arrow Fund.

The Arrow Funds primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Arrow Funds aims to retain sufficient cash and short-term investment positions to maintain adequate liquidity.

A summary of the Arrow Funds' exposure to liquidity rate risk by the remaining term to maturity of the Arrow Funds' portfolio, excluding underlying funds, preferred shares, cash and overdrafts, as applicable is presented in the Fund Specific Notes to the Unaudited Financial Statements.

Leverage and Short Selling Risk

When an Arrow Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities or other portfolio assets, leverage may be introduced into the Arrow Fund. Leverage occurs when the Arrow Funds' notional exposure to underlying assets is greater than the amount invested. It is an investment technique that magnifies gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the Arrow Funds' liquidity and may cause the Arrow Fund to liquidate positions at unfavorable times.

The Arrow Funds exercise leverage through participating in short selling transactions, which expose the Arrow Funds to short selling risk.

Short selling risk is the risk of loss related to short selling transactions. There is no assurance that securities will decline in value during the year of the short sale and make a profit for the Arrow Funds and securities sold short may instead appreciate in value, resulting in a loss to the Arrow Funds. The Arrow Funds may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall the borrowed securities at any time. The lender may go bankrupt and the Arrow Funds may lose the collateral they have deposited with the lender. The Arrow Funds mitigate such risk by depositing collateral only with regulated financial institutions or dealers.

Each of the Arrow Funds may borrow cash up to a maximum of 50% of each Fund's net asset value and may sell securities short, whereby the aggregate market value of securities sold short will be limited to 100% of each Fund's net asset value. The combined use of short selling and cash borrowing by each of the Arrow Funds is subject to an overall limit of 100% of each Fund's net asset value.

The Arrow Funds are required to provide the derivative counterparty or clearing corporation with an initial cash margin/collateral on the transaction. On each valuation date, the value of the derivative instrument is compared to the cash margin/collateral balance. Should the derivative arrangement move against it, the Arrow Funds will be required to provide additional cash variation margin/collateral. The Arrow Funds are required to have sufficient liquid assets to satisfy such calls. In the event it fails to do so, the counterparty may have a right to terminate such derivatives arrangements.

To minimize the risk to the Arrow Funds the Manager has implemented a series of controls when engaging in these short sale transactions. Further, the Arrow Funds will not deposit collateral with a dealer in Canada unless the dealer is a member of IIROC and a dealer outside of Canada unless the dealer (a) is a member of a stock exchange that requires the dealer to be subjected to a regulatory audit; and (b) has a net worth in excess of \$50 million.

Market Risk

The Arrow Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. Several factors can influence market trends, such as economic developments, changes in interest rates, political changes and catastrophic events. All investments are exposed to this risk. Market risk can be further sub-divided into 3 categories: currency risk, interest rate risk and price risk.

a) Currency Risk

The Arrow Funds may invest in monetary and non-monetary assets denominated in currencies other than their functional currency. Currency risk is the risk that the value of foreign instruments will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Arrow Funds' functional currency. The Arrow Funds may enter into currency forward contracts, currency futures contracts and/or foreign currency option contracts for hedging purposes to reduce their foreign currency risk exposure. Non-monetary is comprised of long and short equities. Monetary includes cash, derivatives, fixed income securities, and other current receivables and payables.

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The Currency Risk Tables included in the Fund Specific Notes to the Unaudited Financial Statements indicate currencies to which the Arrow Funds had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of any derivative instruments. Other financial assets and liabilities (including accrued interest and dividends receivable, and receivables/payables for investments sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk

b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing financial instruments. The Arrow Funds' exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate sensitive derivative instruments. Prices of fixed income securities generally increase when interest rates decline and decrease when interest rates rise. Prices of longer-term fixed income securities will generally fluctuate more in response to interest rate changes than would shorter-term securities. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. Cash and cash equivalents do not expose the Fund to significant amounts of interest rate risk.

A summary of the Arrow Funds' exposure to interest rate risk by the remaining term to maturity of the Arrow Funds' portfolio, excluding underlying funds, preferred shares, cash and overdrafts, as applicable is presented in the Fund Specific Notes to the Unaudited Financial Statements.

c) Other Price Risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or a market segment.

The Arrow Funds most significant exposure to price risk arises from its investment in debt securities, equity securities, underlying funds, options on equities, exchange-traded funds/notes and mutual funds and derivatives, as applicable. All investments present a risk of loss of capital. This risk is managed through a careful selection of investments and other financial instruments within the parameters of the investment strategies. The maximum risk resulting from these financial instruments is equivalent to their fair value, except for certain derivative contracts such as forwards, swaps, and futures contracts which is equal to their notional values. For written call (put) options, short sales and short futures contracts, as applicable, the possible losses can be unlimited. However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Arrow Funds. This risk is mitigated by ensuring that the Arrow Funds hold a combination of the underlying interest, cash cover and/or margin that is equal to or greater than the value of the derivative.

The impact as of June 30, 2020, of an increase or decrease of 10% in the Arrow Funds' relevant benchmark index is presented in the Fund Specific Notes to the Unaudited Financial Statements.

Concentration Risk

Concentration risk arises as a result of the concentration of financial instruments within the same category, geographical location, asset type or industry sector, as applicable.

The Arrow Funds may hold significant investments in a few companies or issuers, rather than investing the Arrow Funds' assets across a large number of companies or issuers. In some cases, more than 10% of the net assets of the mutual fund may be invested in securities of a single issuer as a result of appreciation in value of such investment and/or the liquidation or decline in value of other investments. The investment portfolios of these mutual funds are less diversified, and therefore are potentially subject to larger changes in value than mutual funds which hold more broadly diversified investment portfolios.

A summary of the Arrow Funds' concentration risk by carrying value as a percentage of net assets is presented in the Fund Specific Notes to the Unaudited Financial Statements.

Capital Risk Management

Shares issued and outstanding are considered to be the capital of the Arrow Funds. The Arrow Funds do not have any specific capital requirements on the subscription and redemption of shares, other than certain minimum subscription requirements. Shareholders are entitled to require payment of the net asset value per share of an Arrow Fund for all or any of the shares of such shareholder by giving written notice to the Manager. The written notice is irrevocable and must be received no later than 4:00 p.m., EST, on the valuation day upon which the shares are to be redeemed (a "Redemption Date").

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The redeeming shareholder will receive payment in respect of any shares surrendered for redemption on or before the 3rd business day immediately following a Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances.

5. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

IFRS 13, *Fair Value Measurement*, requires the use and disclosure of a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value of financial instruments. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs. The three level hierarchy based on inputs levels are defined as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Fair value is based on inputs other than unadjusted quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 3: Fair value is based on at least one significant non-observable input that is not supported by market data for the financial assets or liabilities.

Changes in valuation methodology may result in transfers in and out of a level. The Arrow Funds' policy is to recognize these transfers as of the date of the event or circumstance giving rise to the transfer. The Arrow Funds may participate in securities lending and; therefore, receive collateral categorized as Level 1 or 2 as defined above. Such collateral is not considered significant to the financial instrument hierarchy of the securities owned by the Arrow Funds.

The three level fair value hierarchy, transfers between levels and a reconciliation of level 3 financial instruments, as applicable are disclosed in the Fund Specific Notes to the Unaudited Financial Statements.

6. INVESTMENT IN STRUCTURED ENTITIES

Information related to investments in Structured Entities is as follows:

Canadian Advantage Alternative Class – June 30, 2020

	Fair Value of Fund's Investment in Underlying Fund (\$)	Net Assets Attributable to Holders of Redeemable Shares (%)	Ownership of Underlying Fund (%)
Arrow EC Income Advantage Alternative Fund, Series 'FD'	432,885	0.56	0.39
Arrow Global Advantage Alternative Class, Series 'ETF'	8,922,841	11.50	9.11
Bitcoin Fund (The)	136,553	0.18	0.16
Broadview Dark Horse Long Short Class 'F'	3,900,087	5.03	100.00
Exemplar Investment Grade Fund, Series 'I'	1,034,240	1.33	0.64
Global X Silver Miners ETF	105,543	0.14	0.02
iShares 20+ Year Treasury Bond ETF	689,909	0.89	0.00
iShares North American Tech-Software ETF	385,898	0.50	0.01
iShares S&P/TSX Global Gold Index ETF	215,700	0.28	0.01
Communication Services Select Sector SPDR Fund	(102,711)	-0.13	(0.00)
Consumer Discretionary Select Sector SPDR Fund	(104,027)	-0.13	(0.00)
Consumer Staples Select Sector SPDR Fund	(286,595)	-0.37	(0.00)
Financial Select Sector SPDR Fund	(307,866)	-0.40	(0.00)
Health Care Select Sector SPDR Fund	(203,783)	-0.26	(0.00)
Industrial Select Sector SPDR Fund	(205,188)	-0.26	(0.00)
iShares Russell 2000 Value Index Fund	(1,323,117)	-1.71	(0.02)
iShares S&P/TSX Capped Energy Index ETF	(515,124)	-0.66	(0.09)
iShares S&P/TSX Capped REIT Index ETF	(185,132)	-0.24	(0.02)
Materials Select Sector SPDR Fund	(198,902)	-0.26	(0.00)
SPDR S&P Metals and Mining ETF	(532,200)	-0.69	(0.14)
VanEck Vectors Semiconductor ETF	(103,721)	-0.13	(0.00)

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Global Advantage Alternative Class – June 30, 2020

	Fair Value of Fund's Investment in Underlying Fund (\$)	Net Assets Attributable to Holders of Redeemable Shares (%)	Ownership of Underlying Fund (%)
Arrow Global Advantage Fund, Class 'F'	20,952,495	21.39	97.66
Curvature Market Neutral Fund, Class 'F'	1,605,900	1.64	78.13
Arrow EC Income Advantage Alternative Fund, Series 'FD'	724,775	0.74	0.68
Exemplar Investment Grade Fund, Series 'I'	1,448,429	1.48	0.89
Global X Silver Miners ETF	321,653	0.33	0.05
iShares MSCI EAFE ETF	1,189,974	1.21	0.00
iShares MSCI Emerging Markets ETF	1,216,106	1.24	0.01
iShares North American Tech-Software ETF	586,565	0.60	0.01
ProShares Ultra VIX Short-Term Futures ETF	10,677	0.01	0.00
VanEck Vectors Gold Miners ETF	995,935	1.02	0.01
WisdomTree Japan Hedged Equity Fund	1,200,086	1.22	0.08
Communication Services Select Sector SPDR Fund	(308,132)	-0.31	(0.00)
Consumer Discretionary Select Sector SPDR Fund	(312,082)	-0.32	(0.00)
Consumer Staples Select Sector SPDR Fund	(883,667)	-0.90	(0.01)
Financial Select Sector SPDR Fund	(917,314)	-0.94	(0.01)
Health Care Select Sector SPDR Fund	(624,933)	-0.64	(0.00)
Industrial Select Sector SPDR Fund	(615,563)	-0.63	(0.01)
iShares Russell 2000 Value Index Fund	(1,534,816)	-1.57	(0.02)
Materials Select Sector SPDR Fund	(604,356)	-0.62	(0.01)
VanEck Vectors Semiconductor ETF	(311,162)	-0.32	(0.01)

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Canadian Advantage Alternative Class – December 31, 2019

	Fair Value of Fund's Investment in Underlying Fund (\$)	Net Assets Attributable to Holders of Redeemable Shares (%)	Ownership of Underlying Fund (%)
Arrow Global Advantage Alternative Class, Series ETF	8,534,705	11.00	10.85
BMO Equal Weight Banks Index ETF	2,930	0.00	0.00
Consumer Staples Select Sector SPDR Fund	441,626	0.57	0.00
Energy Select Sector SPDR Fund	269,759	0.35	0.00
ETFMG Prime Cyber Security ETF	56,612	0.07	0.00
Financial Select Sector SPDR Fund	21,983	0.03	0.00
Global X Silver Miners ETF	155,109	0.20	0.03
Health Care Select Sector SPDR Fund	351,839	0.45	0.00
iShares 20+ Year Treasury Bond ETF	460,930	0.59	0.00
iShares Barclays 3-7 Year Treasury Bond Fund	5,225,365	6.74	0.05
iShares MSCI Emerging Markets ETF	1,310,984	1.69	0.00
iShares MSCI Europe Financials ETF	63,272	0.08	0.01
iShares S&P GSCI Commodity-Indexed Trust	644,115	0.83	0.08
iShares S&P/TSX Capped Energy Index ETF	693,591	0.89	0.10
iShares S&P/TSX Global Gold Index ETF	16,616	0.02	0.00
iShares Silver Trust	1,047,469	1.35	0.02
iShares TIPS Bond ETF	3,193,949	4.12	0.02
iShares U.S. Aerospace & Defense ETF	64,886	0.08	0.00
iShares U.S. Dow Jones Medical Equipment Index	205,940	0.27	0.00
iShares U.S. Home Construction ETF	10,383	0.01	0.00
SPDR Gold Shares	4,676,182	6.03	0.01
SPDR Oil & Gas Equipment & Services ETF	30,465	0.04	0.02
SPDR S&P Aerospace & Defense ETF	5,667	0.01	0.00
SPDR S&P Homebuilders ETF	7,092	0.01	0.00
SPDR S&P Oil & Gas Exploration & Production ETF	264,670	0.34	0.01
Technology Select Sector SPDR Fund	127,371	0.16	0.00
UltraShort Semiconductor ProShares	52,011	0.07	0.52
Utilities Select Sector SPDR Fund	58,739	0.08	0.00
VanEck Vectors Gold Miners ETF	520,895	0.67	0.00
VanEck Vectors Junior Gold Miners ETF	65,852	0.08	0.00
VanEck Vectors Semiconductor ETF	176,283	0.23	0.01
Vanguard Communication Services ETF	28,054	0.04	0.00
Vanguard FTSE Europe ETF	654,417	0.84	0.00
Vanguard REIT ETF	1,319,392	1.70	0.00
Invesco QQQ Trust, Series '1'	(3,285,408)	(4.24)	(0.00)
iShares iBoxx High Yield Corporate Bond ETF	(114,194)	(0.15)	(0.00)
iShares MSCI Hong Kong ETF	(8,846)	(0.01)	(0.00)
iShares Russell 2000 ETF	(4,343,490)	(5.60)	(0.01)
iShares S&P/TSX 60 Index ETF	(927,828)	(1.20)	(0.01)
SPDR S&P 500 ETF Trust	(1,922,576)	(2.48)	(0.00)
SPDR S&P International Small Cap ETF Trust	(731,175)	(0.94)	(0.00)

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Global Advantage Alternative Class – December 31, 2019

	Fair Value of Fund's Investment in Underlying Fund (\$)	Net Assets Attributable to Holders of Redeemable Shares (%)	Ownership of Underlying Fund (%)
Curvature Market Neutral Fund, Class 'F'	2,390,347	3.04	78.12
East Coast Investment Grade Income Fund	576,204	0.73	0.49
Energy Select Sector SPDR Fund	600,330	0.76	0.01
Global X FTSE Greece 20 ETF	156,536	0.20	0.05
Global X Silver Miners ETF	366,230	0.47	0.07
Health Care Select Sector SPDR Fund	601,830	0.76	0.00
iPath Series B Bloomberg Livestock Subindex Total Return ETN	300,538	0.38	0.66
iShares Floating Rate Bond ETF	2,413,128	3.07	0.02
iShares iBoxx \$ Investment Grade Corporate Bond ETF	3,476,949	4.42	0.01
iShares MBS ETF	3,289,132	4.18	0.02
iShares MSCI Emerging Markets ETF	3,082,268	3.92	0.01
iShares MSCI Europe Financials ETF	151,852	0.19	0.02
iShares S&P GSCI Commodity-Indexed Trust	1,519,774	1.93	0.20
iShares Silver Trust	1,225,945	1.56	0.02
iShares TIPS Bond ETF	7,561,030	9.61	0.04
iShares U.S. Aerospace & Defense ETF	144,191	0.18	0.00
iShares U.S. Dow Jones Medical Equipment Index	463,364	0.59	0.01
SPDR Gold Shares ETF	6,151,407	7.82	0.01
SPDR Oil & Gas Equipment & Services ETF	155,478	0.20	0.09
SPDR S&P Oil & Gas Exploration & Production ETF	310,834	0.40	0.01
UltraShort Semiconductor ProShares	121,360	0.15	1.21
VanEck Vectors Gold Miners ETF	155,888	0.20	0.00
VanEck Vectors Junior Gold Miners ETF	153,655	0.20	0.00
Vanguard FTSE Europe ETF	1,544,729	1.96	0.01
Vanguard REIT ETF	1,253,122	1.59	0.00
iShares S&P/TSX Capped Energy Index ETF	(17,130)	(0.02)	(0.00)

7. REDEEMABLE SHARES

During the periods ended June 30, 2020 and 2019, the number of shares issued, redeemed and outstanding was as follows:

Canadian Advantage Alternative Class - for the period ended June 30, 2020

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares issued on reinvestment of distributions	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	1,347,694	46,931	-	(169,237)	1,225,388
Series F	1,853,926	306,533	-	(341,724)	1,818,735
Series L	263,458	111	-	(62,077)	201,492

Global Advantage Alternative Class - for the period ended June 30, 2020

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares issued on reinvestment of distributions	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	2,261,513	232,960	-	(259,581)	2,234,892
Series F	4,134,494	1,994,703	-	(816,894)	5,312,303
Series G	156,189	320,419	-	(21,091)	455,517
Series U	82,310	47,335	-	(7,612)	122,033
Series ETF	615,272	-	-	(14,344)	600,928

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Canadian Advantage Alternative Class - for the period ended June 30, 2019

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares issued on reinvestment of distributions	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	1,813,439	26,771	18,889	(365,945)	1,493,154
Series F	2,359,677	88,924	18,270	(495,007)	1,971,864
Series L	418,512	1,255	4,085	(107,402)	316,450

Global Advantage Alternative Class - for the period ended June 30, 2019

	Redeemable shares outstanding at beginning of period	Redeemable shares issued	Redeemable shares issued on reinvestment of distributions	Redeemable shares redeemed	Redeemable shares issued and outstanding at end of period
Series A	500	1,816,584	-	(128,856)	1,688,228
Series F	14,000	1,924,187	-	(429,494)	1,508,693
Series G	N/A	173,455	-	(4,534)	168,921
Series U	N/A	131,170	-	(22,607)	108,563
Series ETF	250	615,022	-	-	615,272

8. OFFSETTING OF FINANCIAL INSTRUMENTS

Below is a summary of the offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts, were to arise as at June 30, 2020 and December 31, 2019. The "Net Amount" column displays what the net impact would be on the Arrow Fund's Statements of Financial Position if all amounts were set off.

Canadian Advantage Alternative Class						
	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not offset in the Statement of Financial Position		Net amount
June 30, 2020	\$	\$	\$	Financial instruments	Collateral	\$
Financial assets:						
Counterparty 1	-	-	-	-	-	-
Counterparty 2	527,246	-	527,246	(8,740)	-	518,506
Counterparty 3	115,993	-	115,993	(115,993)	-	-
	643,239	-	643,239	(124,733)	-	518,506
Financial liabilities:						
Counterparty 1	(129,016)	-	(129,016)	-	129,016	-
Counterparty 2	(8,740)	-	(8,740)	8,740	-	-
Counterparty 3	(295,093)	-	(295,093)	115,993	179,100	-
	(432,849)	-	(432,849)	124,733	308,116	-

Global Advantage Alternative Class						
	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not offset in the Statement of Financial Position		Net amount
June 30, 2020	\$	\$	\$	Financial instruments	Collateral	\$
Financial assets:						
Counterparty 1	775,393	-	775,393	(262,182)	-	513,211
Counterparty 2	90,278	-	90,278	(90,278)	-	-
	865,671	-	865,671	(352,460)	-	513,211
Financial liabilities:						
Counterparty 1	(262,182)	-	(262,182)	262,182	-	-
Counterparty 2	(184,032)	-	(184,032)	90,278	93,754	-
	(446,214)	-	(446,214)	352,460	93,754	-

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Canadian Advantage Alternative Class						
December 31, 2019	Gross amounts \$	Financial instruments eligible for offset \$	Net amounts presented in the Statement of Financial Position \$	Related amounts not offset in the Statement of Financial Position		Net amount \$
				Financial instruments \$	Collateral \$	
Financial assets:						
Counterparty 1	279,136	-	279,136	-	-	279,136
Counterparty 2	-	-	-	-	-	-
	279,136	-	279,136	-	-	279,136
Financial liabilities:						
Counterparty 1	-	-	-	-	-	-
Counterparty 2	(974)	-	(974)	-	974	-
	(974)	-	(974)	-	974	-

Global Advantage Alternative Class						
December 31, 2019	Gross amounts \$	Financial instruments eligible for offset \$	Net amounts presented in the Statement of Financial Position \$	Related amounts not offset in the Statement of Financial Position		Net amount \$
				Financial instruments \$	Collateral \$	
Financial assets:						
Counterparty 1	886,640	-	886,640	(3,340)	-	883,300
Counterparty 2	34,947	-	34,947	(34,947)	-	-
	921,587	-	921,587	(38,287)	-	883,300
Financial liabilities:						
Counterparty 1	(3,340)	-	(3,340)	3,340	-	-
Counterparty 2	(91,480)	-	(91,480)	34,947	56,533	-
	(94,820)	-	(94,820)	38,287	56,533	-

9. SECURITIES LENDING

Canadian Advantage Alternative Class has entered into a securities lending program which is administered by BNY Mellon, in its capacity as Lending Agent. The tables below summarize the securities loaned and collateral held as at June 30, 2020 and December 31, 2019 and the security lending income received for the periods ended June 30, 2020 and 2019:

Canadian Advantage Alternative Class		
As at	June 30, 2020 \$	December 31, 2019 \$
Non-cash Collateral Coverage		
Collateral received for securities on loan	5,582,288	17,265,482
Market value of securities loaned	(5,312,097)	(16,317,865)
Collateral in excess of securities loaned	270,191	947,617
Collateral as a percentage of securities loaned	105.1%	105.8%
Non-cash Collateral Exposure		
CAD	3,302,965	3,560,772
USD	2,279,323	13,704,710
	5,582,288	17,265,482

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Canadian Advantage Alternative Class For the periods ended	June 30, 2020		June 30, 2019	
	\$	% of gross security lending income	\$	% of gross security lending income
Net Amount Received by the Fund				
Securities lending income	52,785	100.00%	119,096	100.00%
Withholding taxes	(1,400)	-2.65%	(34,080)	-28.62%
BNY Mellon lending agent fees	(20,550)	-38.93%	(16,059)	-13.48%
Securities lending income (net)	30,835	58.42%	68,957	57.90%

10. RELATED PARTY TRANSACTIONS

Management Fees

The Manager is paid a management fee for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements relating to the purchase and sale of the investment portfolio and making arrangements with registered dealers for the purchase and sale of securities of the Arrow Funds by investors. The management fee is calculated on each series of the Arrow Funds as a fixed annual percentage of the daily net asset value of the series and accrued each day the Net Asset Value of the Arrow Funds is calculated. The management fees are subject to HST (and any other applicable taxes). The Management fee is payable monthly.

The management fee rates are calculated as a % of the net asset value of the Arrow Funds are as follows:

Series	Fund	
	Arrow Canadian Advantage Alternative Class	Arrow Global Advantage Alternative Class
A	1.65	1.95
U	N/A	1.95
F	0.65	0.95
G	N/A	0.95
L	1.95	N/A
ETF	N/A	0.95

Performance Fees

The Canadian Advantage Alternative Class and Global Advantage Alternative Class pays the Manager an annual performance fee (the "Performance Fee"), equal to 20% and 15%, respectively, of the amount by which the Adjusted Net Asset Value per Share at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per Share previously achieved. For these purposes, "Adjusted Net Asset Value per Share" of any series of shares of an Arrow Fund means the Net Asset Value per Share of that series at the end of a fiscal year without giving effect to the accrual of any Performance Fee, plus the aggregate amount of all distributions previously declared on a per Share basis in respect of such series of Shares of the Arrow Fund. The Performance Fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to HST (and any other applicable taxes).

Notwithstanding the foregoing, no Performance Fee is payable with respect to any calendar year of an Arrow Fund unless the Adjusted Net Asset Value per Share at the end of the calendar year exceeds the Net Asset Value per Share at the end of the preceding year (or on the date the Shares are first issued), plus the aggregate amount of all distributions previously declared on a per share basis, by a minimum of 6% and 5% (the "Hurdle Rate") for the Canadian Advantage Alternative Class and Global Advantage Alternative Class, respectively.

If any shares of the Arrow Funds are purchased during the calendar year, the Hurdle Rate will be prorated in the calculation of the performance fee with respect to those shares, in the same manner as described above. If any shares of the Arrow Funds are redeemed prior to the end of a calendar year, a performance fee will be payable on the redemption date in respect of each such share in the same manner as described above. For greater certainty, the Hurdle Rate will be prorated in the calculation of the performance fee on a share redeemed during the calendar year. This performance fee is paid to the Arrow Funds quarterly.

The Arrow Funds will not pay duplicate management, performance and administration fees on the portion of assets that are invested in units/shares of any Arrow underlying funds invested in by the Fund. During the period, the Arrow Fund may have received a management and/or administration fee rebate from the underlying fund Manager.

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Operation and Administration Fees

Each series of the Arrow Funds is charged a fixed rate annual administration fee ("Administration Fee") and in return the Manager bears all of the operating expenses of the Arrow Funds, other than certain specified fund costs. The Administration Fee is calculated on each series of the Arrow Funds as a fixed annual percentage of the daily net asset value of the series. The fixed rate may be adjusted from time to time.

All expenses relating to the operation of the Arrow Funds will be charged to that particular series. Operating expenses include, but are not limited to, legal, audit, transfer agent, custodian, administration and trustee services, cost of financial reporting and Simplified Prospectus printing, regulatory filing fees, valuation services and other miscellaneous expenses specifically attributable to the Fund and any applicable taxes. The Manager may provide any of these services and is reimbursed all of its costs in providing these services to the Arrow Funds which may include but are not limited to personnel costs, office space, insurance and depreciation. The common expense will be allocated among the Arrow Funds and other investment funds managed by Arrow, as applicable.

The Arrow Funds will bear separately any expense item that can be attributed specifically to the Arrow Funds. Other fund costs include taxes (including, but not limited to GST/HST and income tax), interest and borrowing costs, commission costs, all fees and expenses of the Arrow Funds' Independent Review Committee (IRC), costs of complying with the regulatory requirement to produce Fund Facts, fees paid to external service providers associated with tax reclaims, refunds or the preparation of foreign tax reports on behalf of the Arrow Funds, new fees related to external services that were not commonly charged in the Canadian mutual fund industry and introduced after the date of the most recently filed simplified prospectus, and the costs of complying with any new regulatory requirements, including, without limitation, any new fees introduced after the date of the most recently filed simplified prospectus.

Each Fund is responsible for all operating expenses incurred by or on behalf of that Fund. At the discretion of the Manager, certain fees may be absorbed by the Manager. During the periods ended June 30, 2020 and December 31, 2019 the Manager waived operating expenses as noted in the Statements of Comprehensive Income (Loss).

Accrued management fees and performance fees (excluding HST) included in other liabilities on the Statements of Financial Position are as follows:

	June 30, 2020		December 31, 2019	
	Management Fees	Performance Fees	Management Fees	Performance Fees
	\$	\$	\$	\$
Canadian Advantage Alternative Class	66,550	23,579	74,507	1,573,683
Global Advantage Alternative Class	72,729	351,877	75,988	-

Related Party Share Holdings

The Arrow Funds may invest in units or shares of other funds managed by Arrow. As at June 30, 2020 and December 31, 2019 the Arrow Funds made investments in the following other funds managed by Arrow.

As at June 30, 2020

Fund Held By	Fund Invested In	Number of units/shares	Fair Value (\$)	% of net assets attributable to holders of redeemable shares
Canadian Advantage Alternative Class	Arrow EC Income Advantage Alternative Fund, Series 'FD'	49,400	432,885	0.6%
Canadian Advantage Alternative Class	Arrow Global Advantage Alternative Class - ETF	425,015	8,922,841	12.0%
Canadian Advantage Alternative Class	Broadview Dark Horse Long Short Class 'F'	462,046	3,900,087	5.2%
Canadian Advantage Alternative Class	Exemplar Investment Grade Fund, Series 'I'	97,364	1,034,240	1.4%
Global Advantage Alternative Class	Arrow EC Income Advantage Alternative Fund, Series 'FD'	82,710	724,775	0.7%
Global Advantage Alternative Class	Arrow Global Advantage Fund, Class 'F'	2,184,577	20,952,495	21.4%
Global Advantage Alternative Class	Curvature Market Neutral Fund, Class 'F'	173,532	1,605,900	1.6%
Global Advantage Alternative Class	Exemplar Investment Grade Fund, Series 'I'	136,356	1,448,429	1.5%

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

As at December 31, 2019

Fund Held By	Fund Invested In	Number of units/shares	Fair Value (\$)	% of net assets attributable to holders of redeemable shares
Canadian Advantage Alternative Class	Arrow Global Advantage Alternative Class - ETF	425,015	8,534,705	11.0%
Global Advantage Alternative Class	Curvature Market Neutral Fund, Class F	206,661	2,390,347	3.0%
Global Advantage Alternative Class	East Coast Investment Grade Income Fund	63,810	576,204	0.7%

The Manager of the Arrow Funds may, from time to time, make initial investments in certain classes of certain Arrow Funds to help establish a class or a Fund. The Manager or Directors of the Manager may also make investments in the Arrow Funds ("Related Parties"). As at June 30, 2020 and December 31, 2019, the number of shares owned by Related Parties are as follows:

As at June 30, 2020

	Number of shares	Amount (\$)	% of net assets attributable to holders of redeemable shares
Canadian Advantage Alternative Class - Series A	564	12,442	0.0
Canadian Advantage Alternative Class - Series F	58,438	1,420,628	1.9
Global Advantage Alternative Class - Series A	16,516	166,979	0.2
Global Advantage Alternative Class - Series F	1,237,581	12,709,957	13.0
Global Advantage Alternative Class - Series G	220,504	3,146,208	3.2
Global Advantage Alternative Class - Series U	756	10,664	0.0
Global Advantage Alternative Class - Series ETF	600,678	12,610,754	12.9

As of December 31, 2019

	Number of shares	Amount (\$)	% of net assets attributable to holders of redeemable shares
Canadian Advantage Alternative Class - Series A	564	12,278	0.0
Canadian Advantage Alternative Class - Series F	17,279	412,450	0.5
Global Advantage Alternative Class - Series A	6,160	60,430	0.1
Global Advantage Alternative Class - Series F	211,700	2,100,064	2.7
Global Advantage Alternative Class - Series G	49,264	650,285	0.8
Global Advantage Alternative Class - Series U	756	9,904	0.0
Global Advantage Alternative Class - Series ETF	615,272	12,337,041	15.7

11. BROKERAGE COMMISSIONS

Commissions and other portfolio transaction costs are costs incurred to acquire, issue or dispose of financial assets or liabilities. They include fees and commissions paid to agents, advisers, brokers and dealers. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services (referred to in the industry as soft dollar arrangements). These goods and services are paid for with a portion of brokerage commissions and assist the portfolio advisor and portfolio sub-advisors with their decision-making services to the Arrow Funds or relate directly to the execution of portfolio transaction on behalf of the Arrow Funds.

Total commissions paid to dealers for the periods ended June 30, 2020 and 2019 in connection with portfolio transactions are as follows:

	June 30, 2020	June 30, 2019
	\$	\$
Canadian Advantage Alternative Class	168,814	85,350
Global Advantage Alternative Class	290,667	134,261

For the period ended June 30, 2020, \$20,432 and \$26,930 were used for market data services by the Canadian Advantage Alternative Class and Global Advantage Alternative Class (2019: \$15,466 and \$8,908).

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

12. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE

The increase (decrease) in net assets attributable to holders of redeemable shares per share for the periods ended June 30, 2020 and 2019 is calculated as follows:

June 30, 2020	Increase (decrease) in net assets attributable to holders of redeemable shares (\$)	Weighted average redeemable shares outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable shares per share (\$)
Canadian Advantage Alternative Class - Series A	325,544	1,255,748	0.26
Canadian Advantage Alternative Class - Series F	640,121	1,767,233	0.36
Canadian Advantage Alternative Class - Series L	35,857	227,224	0.16
Global Advantage Alternative Class - Series A	647,368	2,140,178	0.30
Global Advantage Alternative Class - Series F	1,390,556	3,975,867	0.35
Global Advantage Alternative Class - Series G	188,313	178,026	1.06
Global Advantage Alternative Class - Series U	88,680	78,169	1.13
Global Advantage Alternative Class - Series ETF	578,961	615,193	0.94

June 30, 2019	Increase (decrease) in net assets attributable to holders of redeemable shares (\$)	Weighted average redeemable shares outstanding during the period	Increase (decrease) in net assets attributable to holders of redeemable shares per share (\$)
Canadian Advantage Alternative Class - Series A	3,941,813	1,632,654	2.41
Canadian Advantage Alternative Class - Series F	5,887,476	2,186,479	2.69
Canadian Advantage Alternative Class - Series L	620,370	366,582	1.69
Global Advantage Alternative Class - Series A	(80,123)	950,469	(0.08)
Global Advantage Alternative Class - Series F	51,688	821,339	0.06
Global Advantage Alternative Class - Series G	(54,229)	120,228	(0.45)
Global Advantage Alternative Class - Series U	(45,662)	98,624	(0.46)
Global Advantage Alternative Class - Series ETF	(58,964)	604,964	(0.10)

13. TAXATION

Each Arrow Fund is a class of shares of the Company. Income, expenses and capital gains and losses of each Arrow Fund are consolidated, as a single entity, in determining the Company's taxable income and amount of taxes payable as a whole. Any taxes payable or recoverable by the Company are allocated to the Arrow Funds and their various series'.

The Company qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act"). The general income tax rules associated with a public corporation apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders, such that in substance the Company is not taxable on capital gains. Similarly, the Company is subject to Part IV tax on dividends received from Canadian corporations, however, they are refundable once paid to shareholders. As a result, the Company does not record income taxes related to capital gains and dividends from Canadian corporations.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes. All of the Company's expenses including management fees and operating expenses will be taken into account in determining its overall tax liability, if any.

As of December 31, 2019, the Company has accumulated the following non-capital losses available for utilization against net income for tax purposes in future years and capital losses available for utilization against capital gains. The tax benefit of the non-capital losses has not been reflected in the financial statements.

ARROW ALTERNATIVE INVESTMENT FUNDS

GENERAL NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the periods ended June 30, 2020 and December 31, 2019

Tax Expiry Year	Non-Capital Loss*	Capital Loss**
2032	\$3,388,163	
2033	\$762,043	
2036	\$10,702,157	
2037	\$5,111,728	
2038	\$635,115	
Total	\$20,599,206	\$nil

* Non-capital losses can be offset against income in future years for up to 20 years.

** Net Capital losses can be carried forward indefinitely for offset against gains in future periods.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

August 24, 2020

TO THE SHAREHOLDERS OF ARROW CANADIAN ADVANTAGE ALTERNATIVE CLASS AND ARROW GLOBAL ADVANTAGE ALTERNATIVE CLASS (COLLECTIVELY THE "ARROW FUNDS")

The accompanying unaudited financial statements have been prepared by Arrow Capital Management Inc. ("Arrow" or the "Manager" of the Arrow Funds), and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 to the financial statements.

"James L. McGovern"

JAMES L. MCGOVERN
Managing Director & CEO
ARROW CAPITAL MANAGEMENT INC.

"Robert W. Maxwell"

ROBERT W. MAXWELL
Managing Director & CFO
ARROW CAPITAL MANAGEMENT INC.

NOTICE TO SHAREHOLDERS

The auditor of the Arrow Funds has not reviewed these interim financial statements.

The Manager of the Funds appoints an independent auditor to audit the Arrow Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Arrow Funds' interim financial statements, this must be disclosed in an accompanying notice.

FUND INFORMATION

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