

Arrow EC Income Advantage Alternative Fund (FD)



OVERVIEW | As of 9/30/2020

Portfolio Managers



Mike MacBain has been the Portfolio Manager of East Coast's Credit Strategies since inception in Sept 2009. Mike has over 30 years of experience in the financial services industry. Previously he was the Managing Director, Head of Global Debt Markets, RBC Capital Markets (2008-2009) and President of TD Securities (2002-2006) after holding senior management roles focused on derivatives, fixed income, money markets and FX globally. In 2004, he was awarded Canada's "Top 40 Under 40" Business Person. Mike has completed the Executive Management Program at Stanford University and earned his BA, Honours Economics and Finance from McGill University.

Alim Harji has over 8 years of investment experience with East Coast Fund Management. Prior to joining East Coast he worked as a quant analyst on the TD Securities equity derivatives desk and at Google. He has a BA, Honours Software Engineering from the University of Waterloo.

Why Invest in this Liquid Alternative Long/Short Credit Strategy?

- **Higher return potential** – Fund focuses on maximizing risk-adjusted credit returns – we are an actively managed credit strategy, not an Index or traditional corporate bond fund
- **Portfolio diversifier** - Fund allows clients access to credit spreads – which are extremely difficult to access directly
- **Protection from rising rates** – Fund manages interest rate exposure, providing an attractive investment alternative to traditional funds in this low interest rate environment
- **High quality assets** - Predominately invested in high quality Canadian Investment Grade Corporate Credit (rated BBB and higher)
- **Outperformance in low rate environment** - Fund has proven outperformance in both stable and rising rate environments when compared to traditional fixed income
- **Experienced team** – Accomplished Investment Management Team has over 7 years track record with East Coast Performance Fund and Portfolio Management team has over 100 years combined experience within the financial services industry

Highlights (Net Return, FD-class)

September 2020	+0.64%
1 Year	+3.62%
2019 Performance	7.09%
Current Yield	5.26%

Fund Details

Inception: *April 30, 2012

Fund Codes: Series A (AHP3000)
Series AD (AHP3005)
Series F (AHP3010)
Series FD (AHP3015)
Series U (AHP3050)
Series G (AHP3055)

Monthly Distribution: AD 4.1%/3.4cents
FD 5.5%/4.0cents
U 4.1%/3.4cents
G 4.1%/3.4cents

Fees: Management: 0.95%
Performance: 15%

Minimum Investment: \$1,000 (Initial purchase)
\$100 (subsequent purchase)

Purchases / Redemptions: Weekly

Trailing Returns

	1 mo	3 mos	6 mos	YTD	1 yr	3 yrs	5 yrs	1TD
Arrow EC Income Advantage Alternative Ser FD	0.64	5.50	16.57	1.79	3.62	3.87	5.06	3.08
FTSE Canada Universe Bond	0.32	0.44	6.34	8.00	7.08	6.09	4.26	4.14

Fund Objective

This Liquid Alternative Fund is a long/short credit strategy that seeks to generate attractive risk-adjusted returns with low volatility and a focus on capital preservation. The actively managed portfolio is predominately comprised of High Quality Canadian Investment Grade Credit. The Fund creates a strategic investment opportunity in the current low rate environment by removing interest rate exposure of corporate bonds; thereby protecting investors from capital losses due to rising rates.

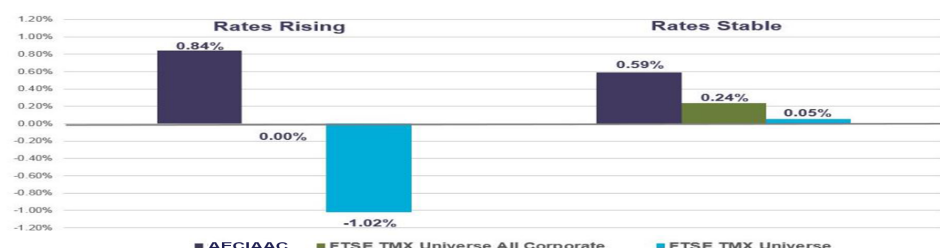
1. Core Credit Portfolio
2. Relative Value Opportunities
3. Active Trading

Correlations: Adding Fund to Portfolio Improves Diversification

FTSE TMX Universe	0.23	FTSE TMX Corporate	0.60
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Average Monthly Performance in Varied Interest Rate Environments

Arrow EC Income Advantage Alternative Fund shows outperformance in both stable and rising rate markets.



Rising/Falling Month: If 10yr GoC Bond moved more/less than 5 bps by the end of the month, otherwise stable month.

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Statistical Analysis

Time Period: 5/1/2012 to 9/30/2020

Since Inception	Arrow EC Income (FD-class)	FTSE TMX Universe
Annualized Return	3.08%	4.14%
Std Dev	5.90%	3.99%
Sharpe Ratio	0.38	0.80
Up Number	76	63
Down Number	25	38
Best Quarter	10.50%	5.87%
Worst Quarter	-12.68%	-3.44%

Rating Exposure

As of September 30, 2020

High Yield	3.0%
Investment Grade	97%
AAA	0.3%
AA	2.3%
A	37.7%
BBB	56.7%
BB	3.0%
<BB	0.0%

Top Sector Exposure

As of September 30, 2020

Sector Group	%
Banks	50.1%
Pipelines	9.0%
Auto Manufacturers	8.5%
Diversified Financial Serv	7.4%
REITS	7.0%
Insurance	5.7%
Telecommunications	5.0%
Beverages	2.0%
Other	5.3%

Geographic Exposure

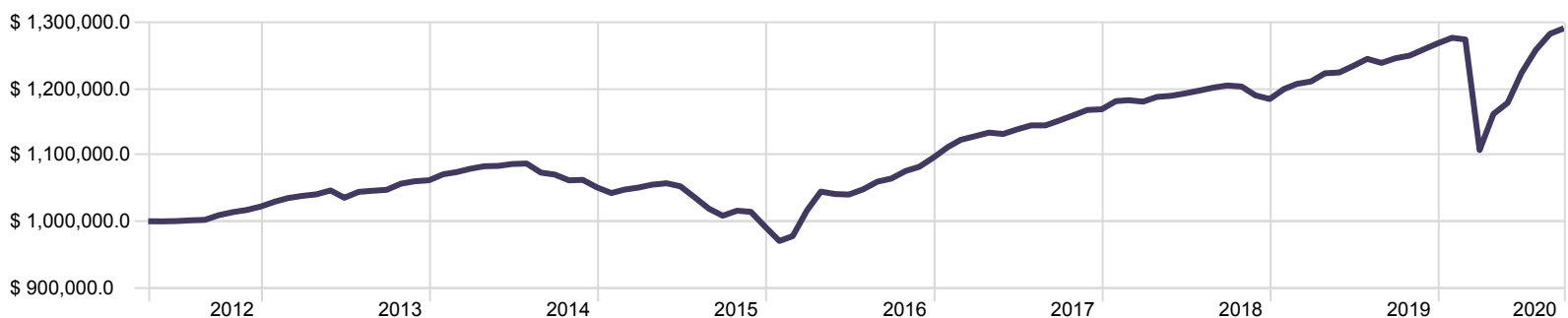
As of September 30, 2020

Canada	84.9%
U.S.	13.5%
Other	1.6%

Investment Growth

Time Period: 5/1/2012 to 9/30/2020

— Arrow EC Income Advantage Alternative Ser FD



Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	0.66	-0.20	-13.08	4.91	1.45	3.82	2.83	1.94	0.64				1.79
2019	1.27	0.64	0.31	1.02	0.09	0.80	0.87	-0.49	0.57	0.32	0.74	0.73	7.09
2018	1.06	0.11	-0.18	0.60	0.14	0.30	0.35	0.38	0.27	-0.13	-1.10	-0.47	1.33
2017	1.43	0.99	0.47	0.48	-0.18	0.60	0.54	-0.01	0.64	0.69	0.69	0.08	6.62
2016	-2.17	0.75	3.97	2.78	-0.35	-0.07	0.76	1.10	0.44	1.07	0.60	1.29	10.52
2015	-0.80	0.48	0.31	0.42	0.20	-0.43	-1.59	-1.65	-1.03	0.74	-0.16	-2.21	-5.62
2014	0.85	0.29	0.49	0.35	0.05	0.26	0.07	-1.26	-0.27	-0.82	0.07	-1.08	-1.02
2013	0.73	0.51	0.32	0.22	0.57	-1.06	0.86	0.17	0.13	0.89	0.34	0.14	3.86
2012					-0.02	0.04	0.12	0.07	0.70	0.46	0.32	0.52	

*On June 26, 2020, the East Coast Investment Grade Income Fund (TSX: ECF.UN) was converted from a closed end fund into an open-end alternative mutual fund, renamed Arrow EC Income Advantage Alternative Fund and delisted from the TSX. Details of the conversion are outlined in the information circular which is available at www.sedar.com. Unitholders of Fund had their units re-designated as Series FD Units.

Commissions, trailing commissions, management fees and expenses all may be associated with investment funds. Please read the prospectus and fund facts before investing. Except as otherwise noted the indicated rates of return are the historical compounded total returns including changes in share or unit value and the reinvestment of all dividends or distributions and do not take into account the sales, redemption, distribution, optional charges or income tax payable by the unitholder or shareholder that would have reduced returns. Investment funds are not insured or guaranteed by Canada Deposit Insurance Corporation (CDIC) or any other insurer. Investment funds are subject to risks of loss of capital and income and their values change frequently. Past performance may not be repeat...