



Victor Sperandeo:
Outlook for 2012



Certain Risk Factors & Disclosures

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Certain Risk Factors. Investors cannot invest directly in an index or methodology such as the Product(s). The Product(s) are structured based on, among other things, the general expectation that the prices for the futures included therein will exhibit tendencies to trend over the intermediate or long term (as applicable). The market features and correlations which the Product(s) has been designed to capture may not be reflected in market price movements over certain periods – particularly over short periods. An investment in a product seeking to replicate the Product(s) is speculative, involves a substantial degree of risk, and should not constitute an investor’s entire portfolio. Moreover, performance may be volatile and investors could lose all or substantially all of their investment. Some or all alternative investment programs may not be suitable for certain investors. No assurances can be made that the Product(s) will achieve their investment objectives or that losses will be avoided. The longer-term an investment the greater the likelihood that the performance potential suggested may be realized. Over the short-term, on the other hand, there is a much greater possibility that the Product(s) may decline substantially causing significant losses. Among the risks associated with the Product(s) are the following: In contrast to traditional “all long” indexes, the Product(s) do not always maintain long positions and may not profit from the cyclical nature of the futures included therein. • The Product is not a proxy for “all long” indexes. • The Product(s) are vulnerable to “whipsaw” markets in which market movements may cause the bulk of their components to be positioned in a certain direction (e.g. long/short/flat, as the case may be) and then a sudden reversal of prior price trends occurs, causing losses. • The complexity of the different factors which contribute to the results of the Product(s). • The Product(s) could decline in a wide range of different market scenarios, including ones in which other similar products (both all long and long/short) rise substantially. • The Product(s) are based on futures, not cash market prices; those prices may differ materially in general as well as for specific components. • Replication of the Product(s) involves execution costs and position slippage which can be substantial, and may be affected by, among other things, disruption caused by futures market closures and/or trading price or volume limitations imposed by one or more futures markets. • The Products are subject to the risks of, among other things, “trading ranges” (in which there is a lack of sustained, directional price movements in many markets) and “whipsaw” markets (described above). In general, such market conditions are more likely to occur during economic environments of low-growth or static GDP despite very low interest rates, accompanied by low inflation. The “trading ranges” and “whipsaw” experienced by many markets from 2009 – to date, along with abrupt changes prompted by government intervention and highly correlated markets, have been adverse to many trend-following indexes and methodologies. The length of time for which such market conditions have persisted is unique in the United States in the last 50 years. There can be no assurances as to such current market conditions will change. No representation is being made that a Product will or is likely to achieve performance consistent with or similar to that set forth in this communication. Similarly, no representation is being made that any product seeking to replicate the Product(s) will generate profits or losses similar to the historical performance of the Product(s). There are numerous factors related to the markets in general and to the implementation of any product seeking to replicate the Product(s) which cannot be, and have not been, accounted for in the preparation of the information on the Product(s) set forth in this communication, all of which can adversely affect actual performance.

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Statistical information for indexes does not represent the results of actual trading of investor assets. The performance shown does not reflect the fees, replication costs (such as execution costs and slippage) and other expenses of a fund or vehicle utilizing these products or the effect of taxes thereon, the compounded effect of which would materially reduce cumulative net returns. Investors can not invest directly in an index. Similarly, statistical information for indexes and methodologies does not represent the results of actual trading of investor assets. The performance shown does not reflect the fees, replication costs (such as execution costs and slippage) and other expenses of a fund or vehicle utilizing these products or the effect of taxes thereon, the compounded effect of which would materially reduce cumulative net returns.

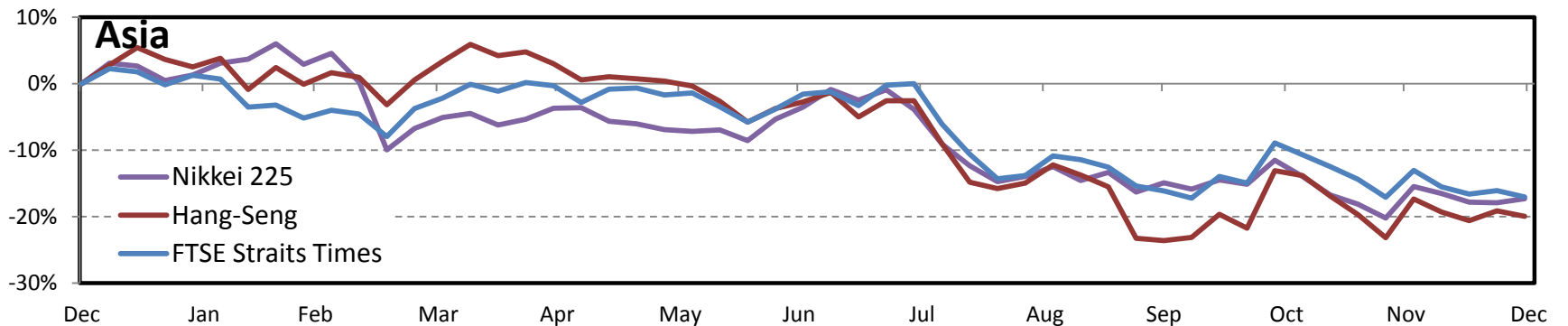
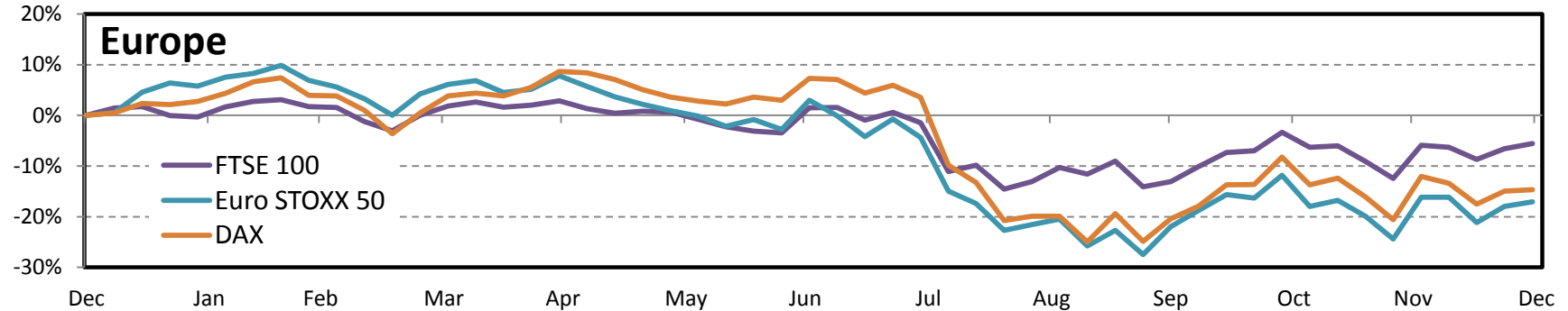
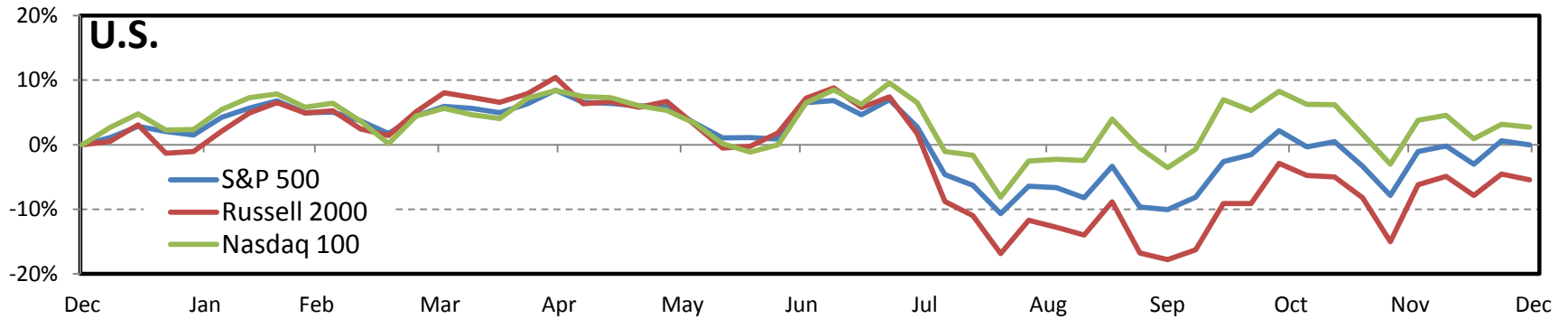
TVI™ – The Trader Vic Index™ is calculated by the Royal Bank of Scotland, plc and was created, maintained and owned by EAM. The TVI™ is an index that applies a rules-based methodology to an unleveraged, diversified portfolio of 24 liquid long and short commodity and financial futures, seeking to benefit from price trends in either direction in the global commodity and financial futures markets. The TVI™ applies a different moving average algorithm to each sector in determining monthly long/short (flat energy) positions for each sector. The TVI™ went live on 5/3/09. As a result, the TVI™ is “simulated” prior to such date and published “live” from such date forward. Data source: Bloomberg (ticker TVICER, TVICTR). *In calculating the statistical information for the TVI™ prior to 5/3/09, the following futures contract components were included on the following dates: Unleaded Gas/RBOB (January 31, 1986), and Natural Gas (May 31, 1991). Prior to the inclusion date of any such futures contract component in a sector, its target weighting was reallocated among the other components in such sector proportionately based upon their respective target weights at such time. In addition, prior to January 2000, the Deutsche Mark futures contract was used instead of the Euro contract used in the current methodology. Past performance is not necessarily indicative of future results (and particularly because of these changes over the time periods indicated).*

Other Indexes. Other market indexes (each, a “**Comparative Index**”) are included in this communication for the sole purpose of providing a comparison of TVI™ performance to general market results during the periods indicated, and their inclusion is not meant to suggest that the TVI™ is similar in either composition or element of risk. Furthermore, there is no necessary correlation or non-correlation between the Product(s) and the other market indexes presented. “**S&P 500**” is the S&P 500 Stock Index with dividends. It is an unmanaged market-capitalization weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. Data source: Bloomberg. “**Newedge CTA Index**” is equal-weighted and reconstituted annually and has become recognized as a key managed futures performance benchmark. The index calculates the daily rate of return for a pool of commodity trading advisors (CTAs) selected from the largest managers open to new investment. Data Source Bloomberg. “**Newedge CTA Trend**” is the Newedge CTA Trend Sub-Index, which is equal-weighted and reconstituted annually. The index calculates the net daily rate of return for a pool of trend following based hedge fund managers who are constituents of the Newedge CTA Index. Data Source Bloomberg. (collectively with the Newedge CTA Index, the “**Comparative Indexes**”). The Comparative Indexes do not represent an actual portfolio, which could be invested in, and therefore their performance results should be deemed to be hypothetical in nature and of comparative value only. Accordingly, the Comparative Indexes shown are not intended to imply that an investment seeking to replicate the TVI™ is comparable to an investment in the securities or programs of CTAs represented by such indexes or that the TVI™ seeks to replicate or correlate with such indexes. Unlike the TVI™, the Comparative Indexes are based upon the aggregate “net” performance reported by a number of CTAs. These CTAs often employ leverage and charge high fees (typically a 2% management fee and 20% performance fee annually) which are deducted, along with the trade execution costs, slippage and other expenses associated with implementing their respective strategies, prior to reporting their “net” performance. In contrast, TVI™ returns shown do not represent the results of actual trading of investor assets. Indexes are statistical composites and their returns do not reflect payment of any sales charges or fees an investor would pay to purchase the underlying components they represent. The imposition of these fees and charges would cause actual and back-tested performance to be lower than the performance shown. For example, if an index returned 10% on a US\$ 100,000 investment for a 12-month period (or US\$ 10,000) and an annual asset-based fee of 2% were imposed at the end of the period (or US\$ 2,000), the net return would be 7.8% (or US\$ 7,800) for the year. Over 3 years, an annual 2% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of US\$ 7,128, and a cumulative net return of 25.3% (or US\$ 25,273). Furthermore, the CTA universe from which the components of the Comparative Indexes are selected is based on CTAs which have continued to report results for a minimum period of time. This prerequisite for CTA selection interjects a significant element of “survivor bias” into the reported levels of the Comparative Indexes, as generally only successful CTAs will continue to report for the required period, so that the CTAs from which the statistical analysis or performance of the Comparative Indexes to date is derived necessarily tend to have been successful.

Other Definitions: “**DAX**” is the Deutscher Aktien Index, a stock market index that is calculated based upon order book volume and market capitalization of the 30 major German companies trading on the Frankfurt Stock Exchange. “**Hang Seng**” is the Hang Seng Index, a market-capitalization weighted, long-only index measuring the price performance of 40 companies representing about 65% of capitalization of the Hong Kong Stock Exchange. “**Nasdaq 100**” is the NASDAQ 100 Stock Index. “**FTSE Straits Times**” is a capitalization-weighted stock market index which tracks the performance of the top 30 companies listed on the Singapore Exchange. “**Russell 2000**” is the Russell 2000 Index which measures the performance of the “small capitalization” sector of the U.S. equity market. Investments in small companies may be more volatile and less liquid than investments in larger companies. “**Nikkei 225**” is the Nikkei 225, a price-weighted average of 225 top rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. “**US Treasury Bonds**” is the Ibbotson U.S. Long-Term Government Bond Index, an unweighted index which measures the performance of twenty-year maturity U.S. Treasury Bonds. “**EURO STOXX 50**” Index provides a Blue-chip representation of 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. “**Crude Oil**”, “**Soybeans**” and “**Corn**” refers to the percentage change in the price of their respective futures contracts that is the nearby (the first to expire) the end of the month. Data Source for all indexes and futures is Bloomberg. **Total Return** or “**TR**” includes interest on a theoretical US Treasury Bill position used to fully collateralize the futures positions of the TVI™.

See “**Certain Risk Factors & Disclosures**,” and the notes and CFTC legend accompanying each performance chart for certain additional risk factors and disclosures, as well as additional information on the methodology used and assumptions made in preparing the statistical information contained in this presentation.

Global Stock Indices - 2011



Past performance is not necessarily indicative of future results.

Source: Bloomberg

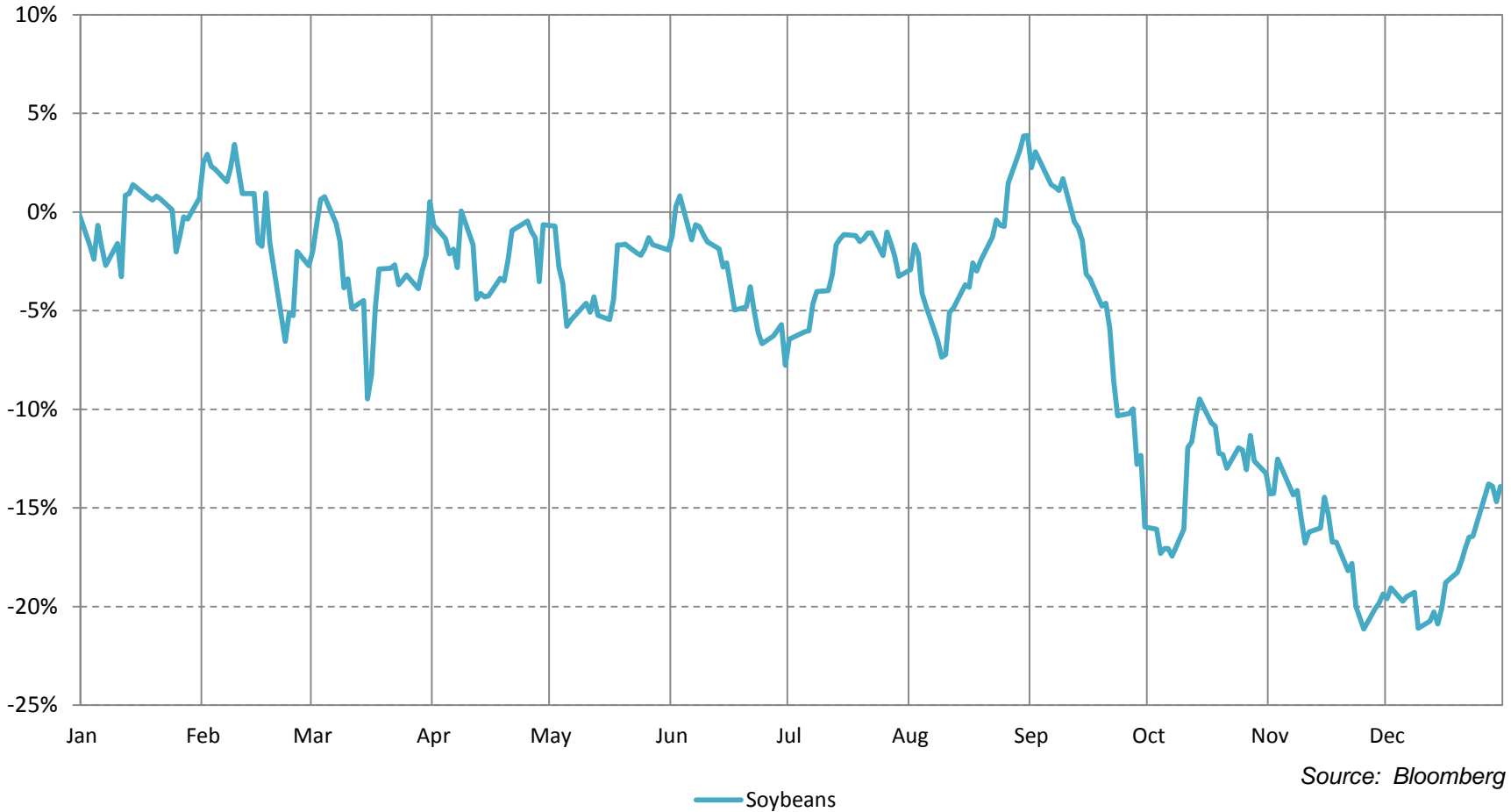
Crude Oil Futures 2011



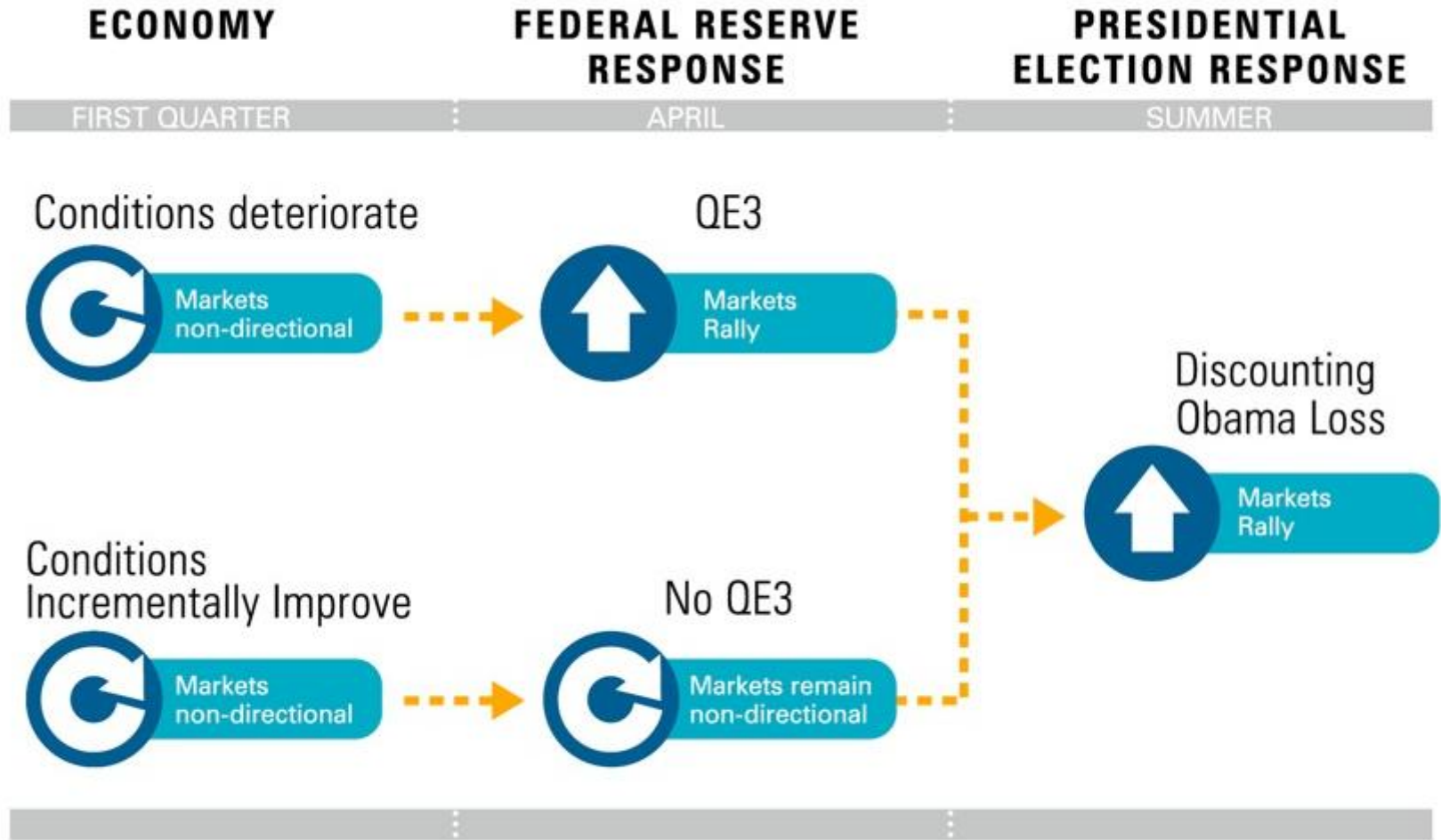
— Crude Oil

Source: Bloomberg

Past performance is not necessarily indicative of future results.



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Adam Watts:
Trader Vic Index™ (TVI™)



TVI™ Composition

US Interest Rates

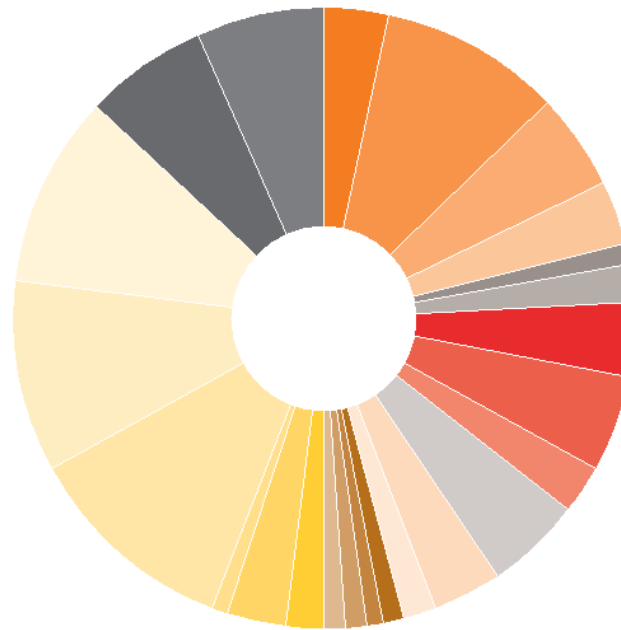
■ US 30-year Bond	6.50%
■ US 10-year Note	6.50%

Global Currencies

■ Australian Dollar	2.00%
■ British Pound	3.00%
■ Canadian Dollar	1.00%
■ Euro	11.00%
■ Japanese Yen	10.00%
■ Swiss Franc	10.00%

Soft

■ Cocoa	1.00%
■ Coffee	1.00%
■ Cotton	1.00%
■ Sugar	1.00%



Energy

■ Heating Oil	3.40%
■ Light Crude (WTI)	9.63%
■ Natural Gas	4.82%
■ RBOB Gasoline	3.40%

Livestock

■ Lean Hogs	1.20%
■ Live Cattle	1.80%

Grains

■ Corn	4.00%
■ Soybeans	5.00%
■ Wheat	2.50%

Precious Metals

■ Gold	3.50%
■ Silver	1.75%

Industrial Metals

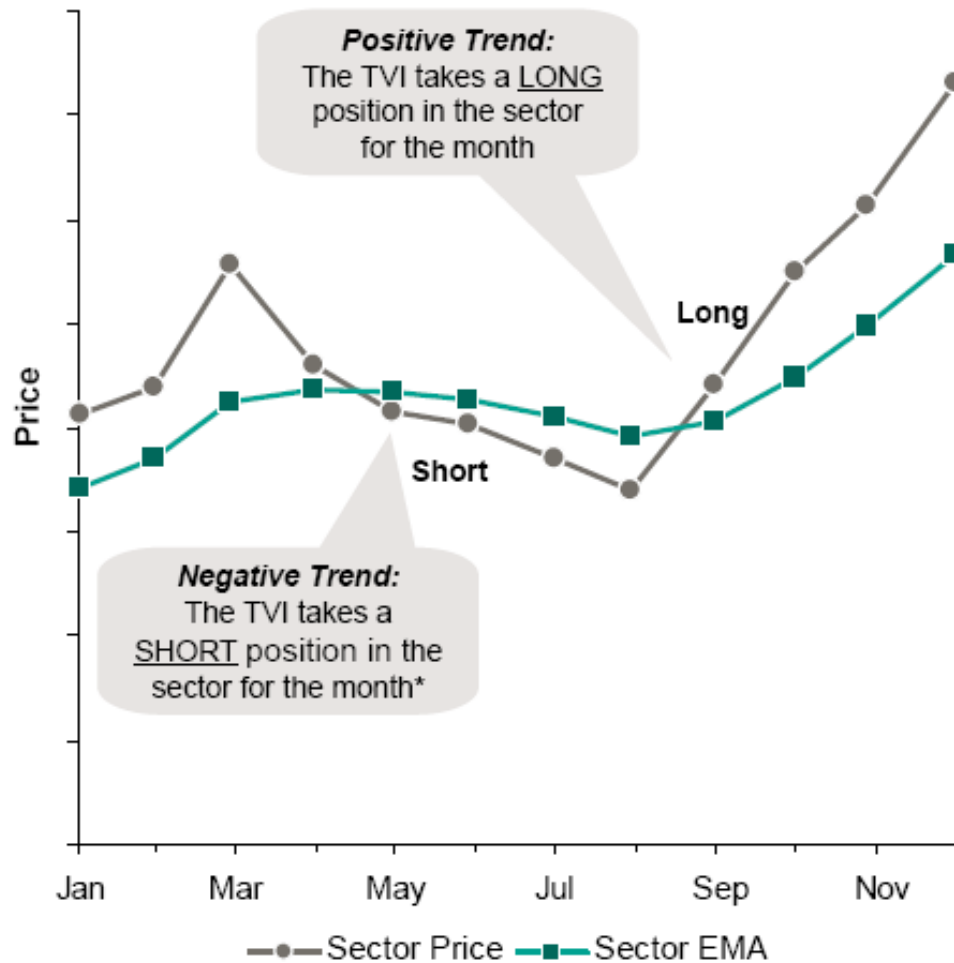
■ High Grade Copper	5.00%
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Source: EAM, RBS and Bloomberg, 2009.

These are the approximate market components, sectors and component weightings included in the TVI™ as of the beginning of each year (assuming the energy sector is long). The TVI™ individual market components, sectors, and related weightings, as well as other aspects of the calculation of the TVI™, are subject to change at any time.

Trader Vic Index™ (TVI™)

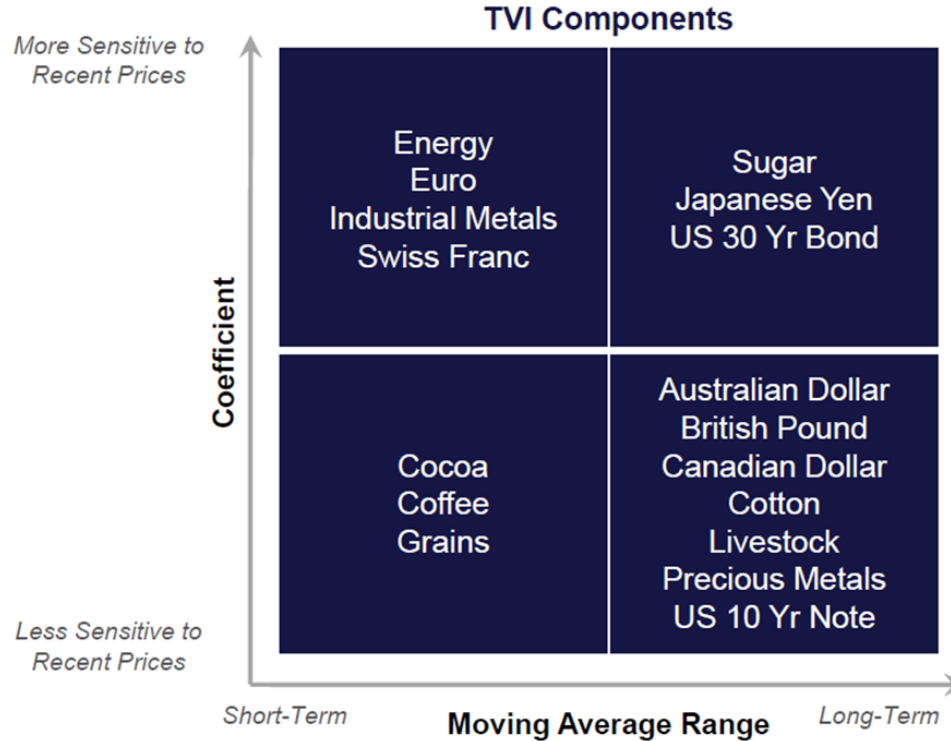
Long/short exposure to trends in the commodity and financial futures markets



Hypothetical example for illustrative purposes only.

The Energy Sector is long or flat but never short. See “Certain Risk Factors & Disclosures” and “Performance Disclosures”.

Multiple Weighted Moving Averages



Weighted moving averages (WMAs) are used to identify trending behavior, resulting in monthly long or short positioning for each sector within the TVI™ (*long or flat for the Energy sector*). Each WMA is comprised of two inputs:

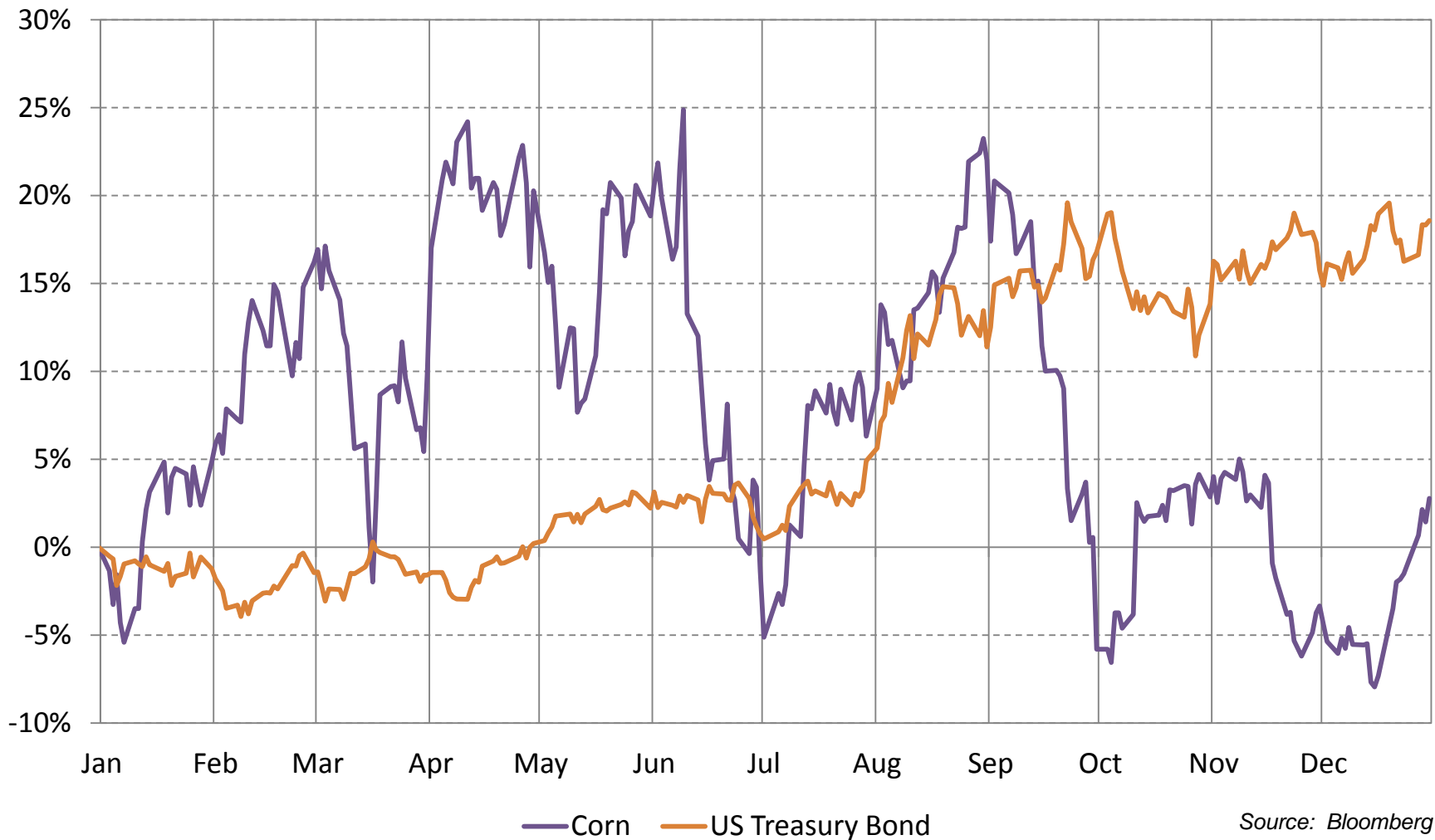
- a.) **Number of months** – the time period over which the moving average is calculated
- b.) **Coefficient** – used to decay the time series

TVI™ & CTA Benchmarks 2011



Past performance is never necessarily indicative of future results. The statistical information shown is for illustrative purposes only and is subject to a number of material inherent limitations. Unlike the TVI™, the Newedge CTA and Newedge CTI-Trends indexes are based on aggregated “net” performance reported by a number of CTAs. Please refer to “Performance Disclosures” and “Certain Risk Factors and Disclosures” for important risk factors and disclosures, and other information on the methodology used and assumptions made in preparing this statistical information.

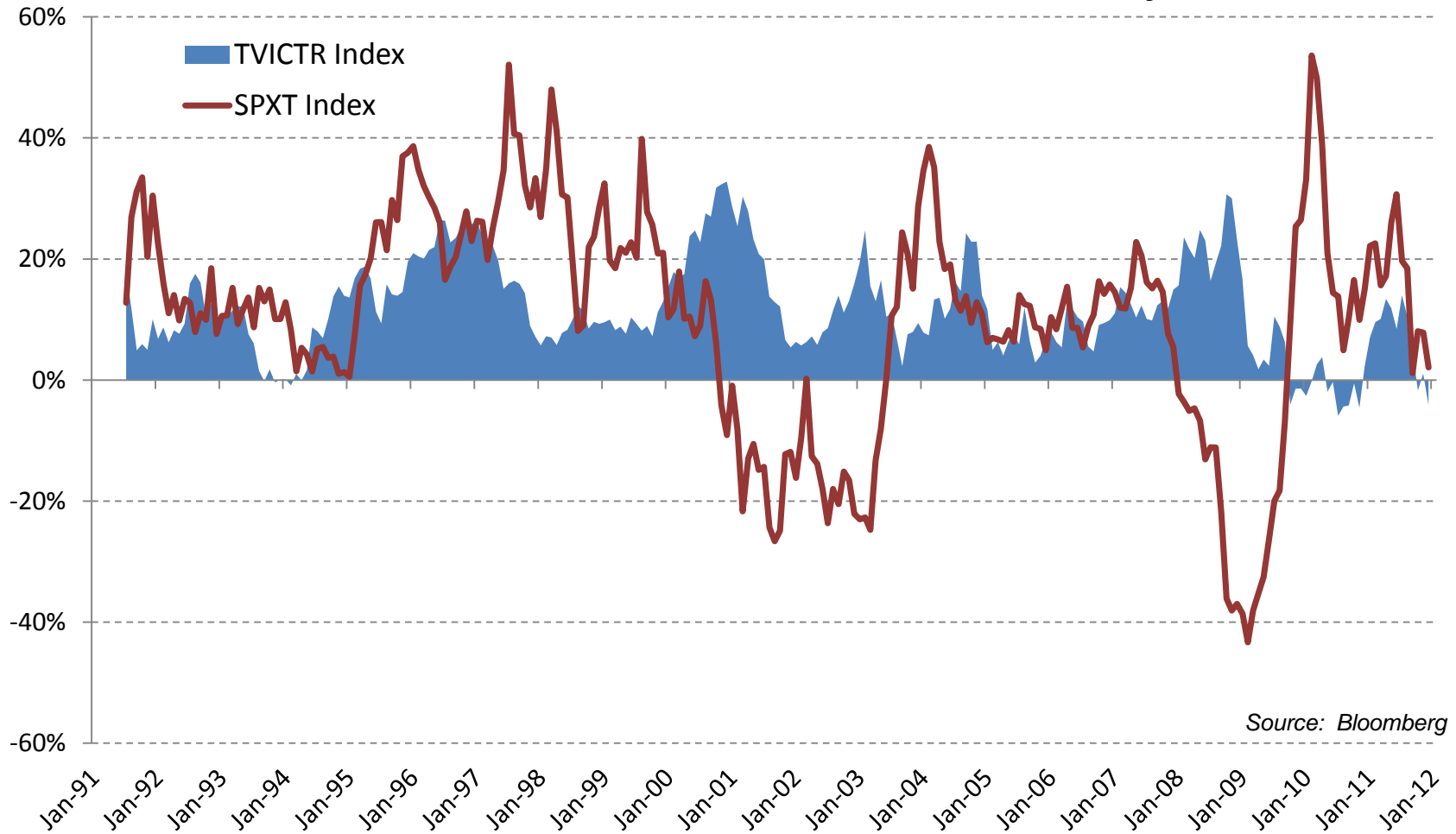
Trend-Following Examples in 2011



For illustrative purposes only. Past performance is not necessarily indicative of future results.

12M Rolling TVI™ TR Returns vs. S&P 500 TR

TVI™ is “Simulated” Prior to 5/3/09 and “Live” thereafter



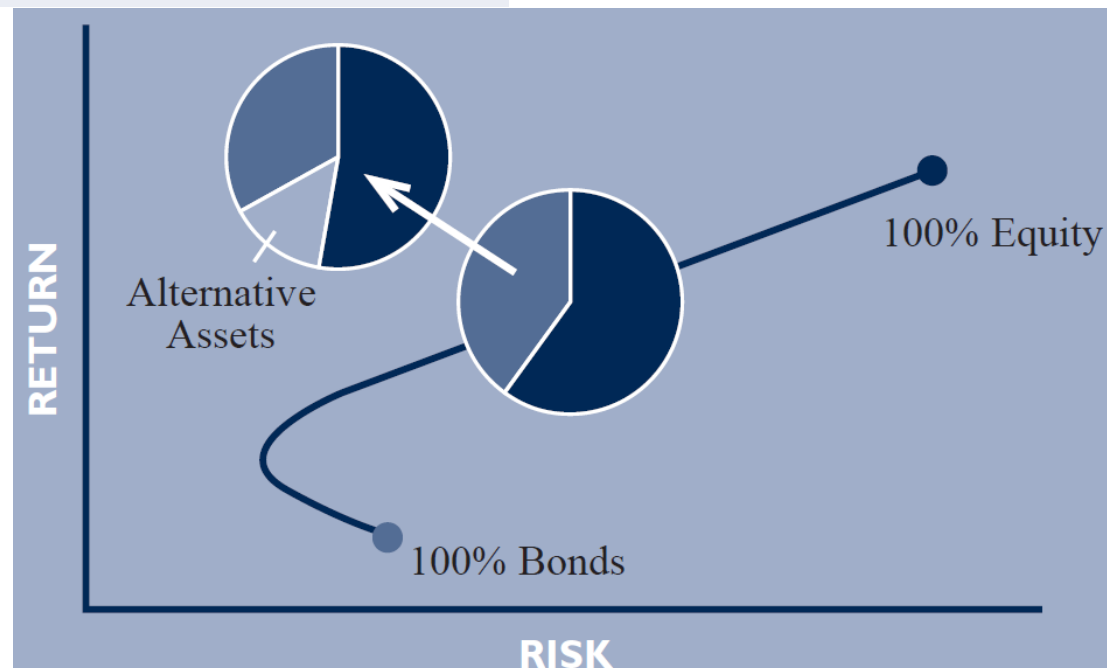
Source: Bloomberg

Past performance, especially simulated performance, is never necessarily indicative of future results. The statistical information shown is for illustrative purposes only and is subject to a number of material inherent limitations. Please refer to “Performance Disclosures” and “Certain Risk Factors and Disclosures” for important risk factors and disclosures, and other information on the methodology used and assumptions made in preparing this statistical information.

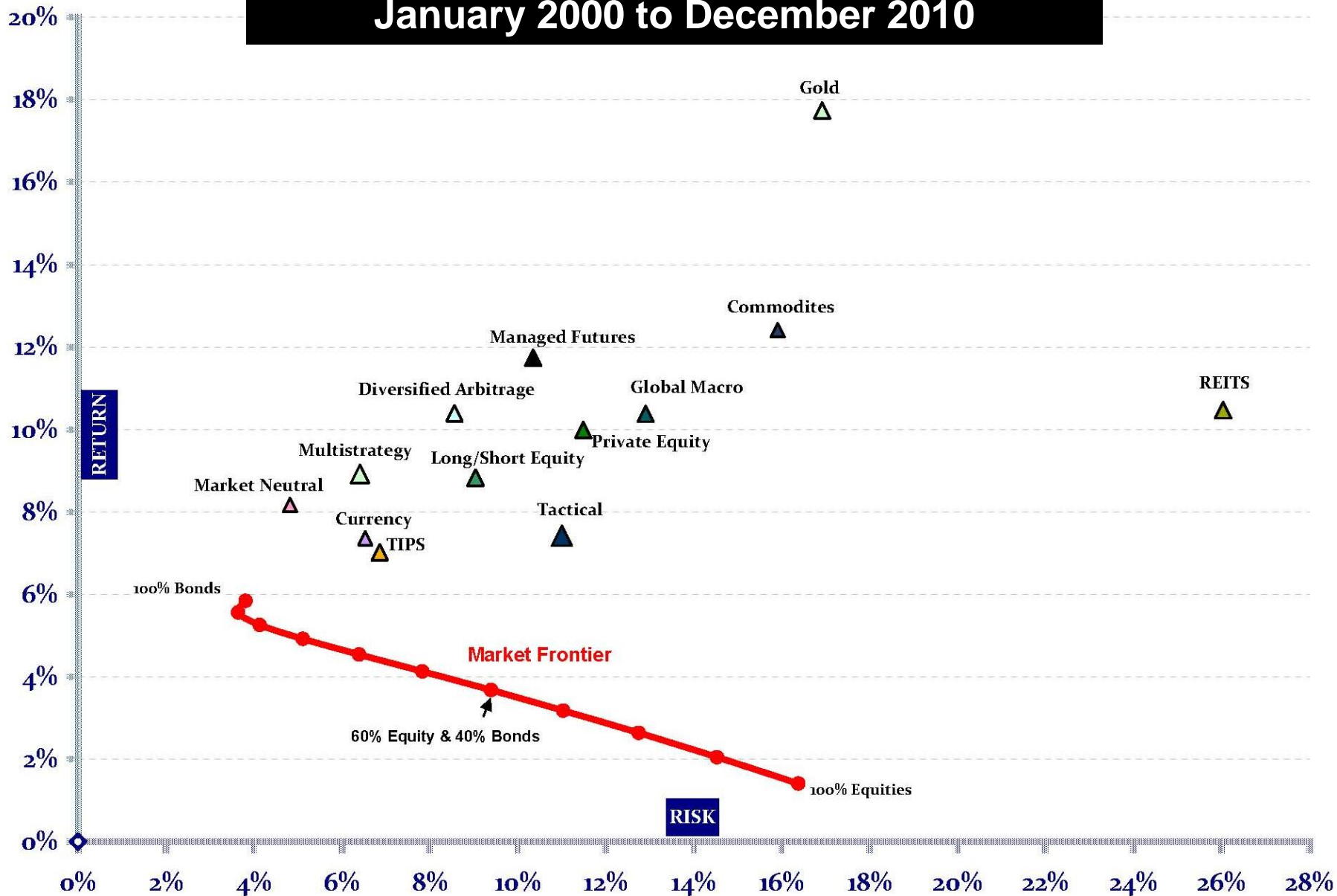
The U.S. Commodity Futures Trading Commission requires the following legend: HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SUCH SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE UNDER- OR OVER-COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN.

Asset Class	1980	1984	1988	1995	1999	2002	2010
Domestic Equity	66%	47%	46%	38%	24%	15%	11%
Foreign Equity	0%	0%	0%	20%	24%	15%	22%
Private Equity	0%	7%	12%	12%	12%	13%	13%
Real Assets	0%	3%	5%	15%	17%	29%	23%
Fixed Income	34%	43%	37%	17%	17%	16%	15%
Alternative	0%	0%	0%	0%	6%	12%	16%
Total	100%	100%	100%	100%	100%	100%	100%

Source: Harvard Management Company, Annual Report

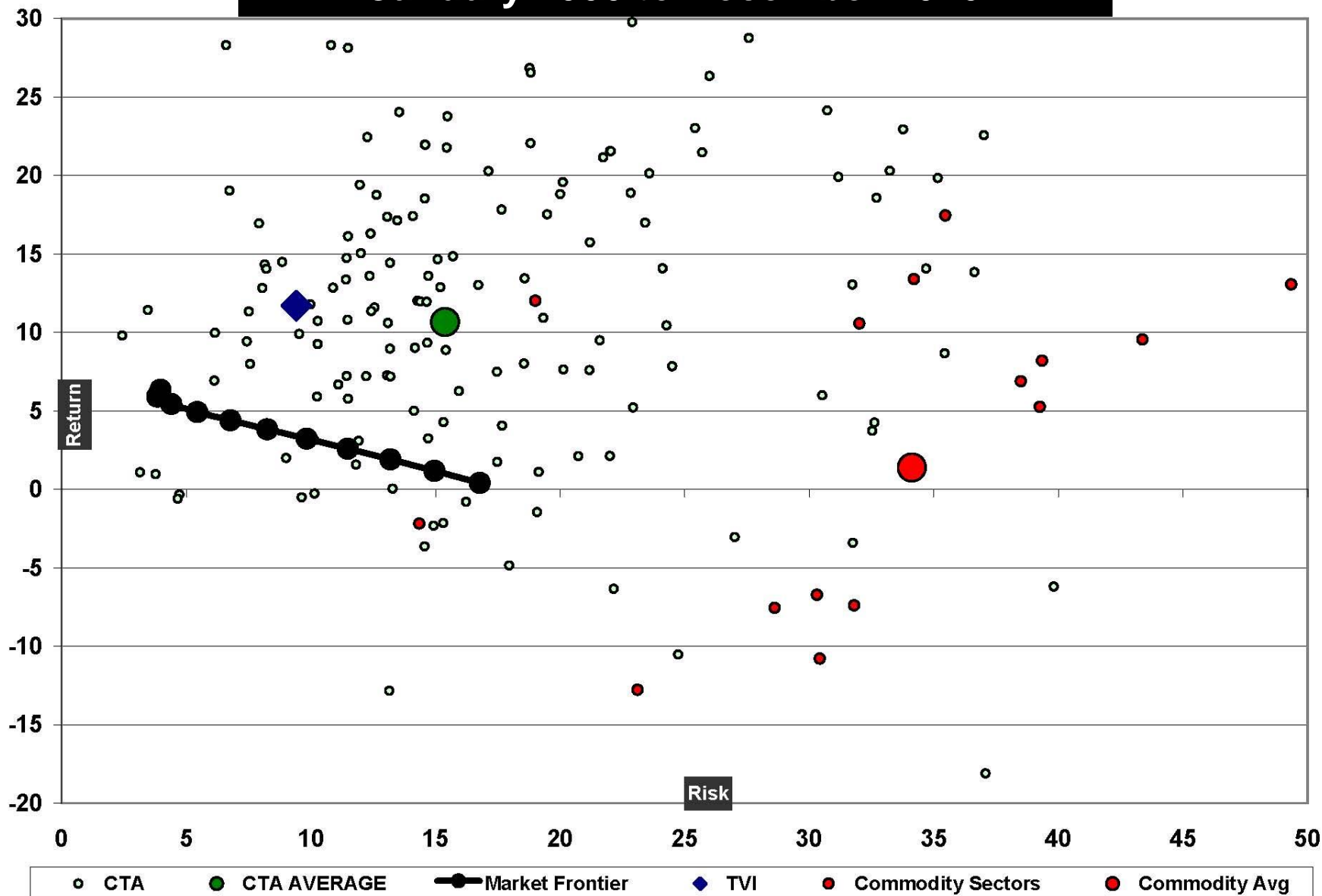


January 2000 to December 2010



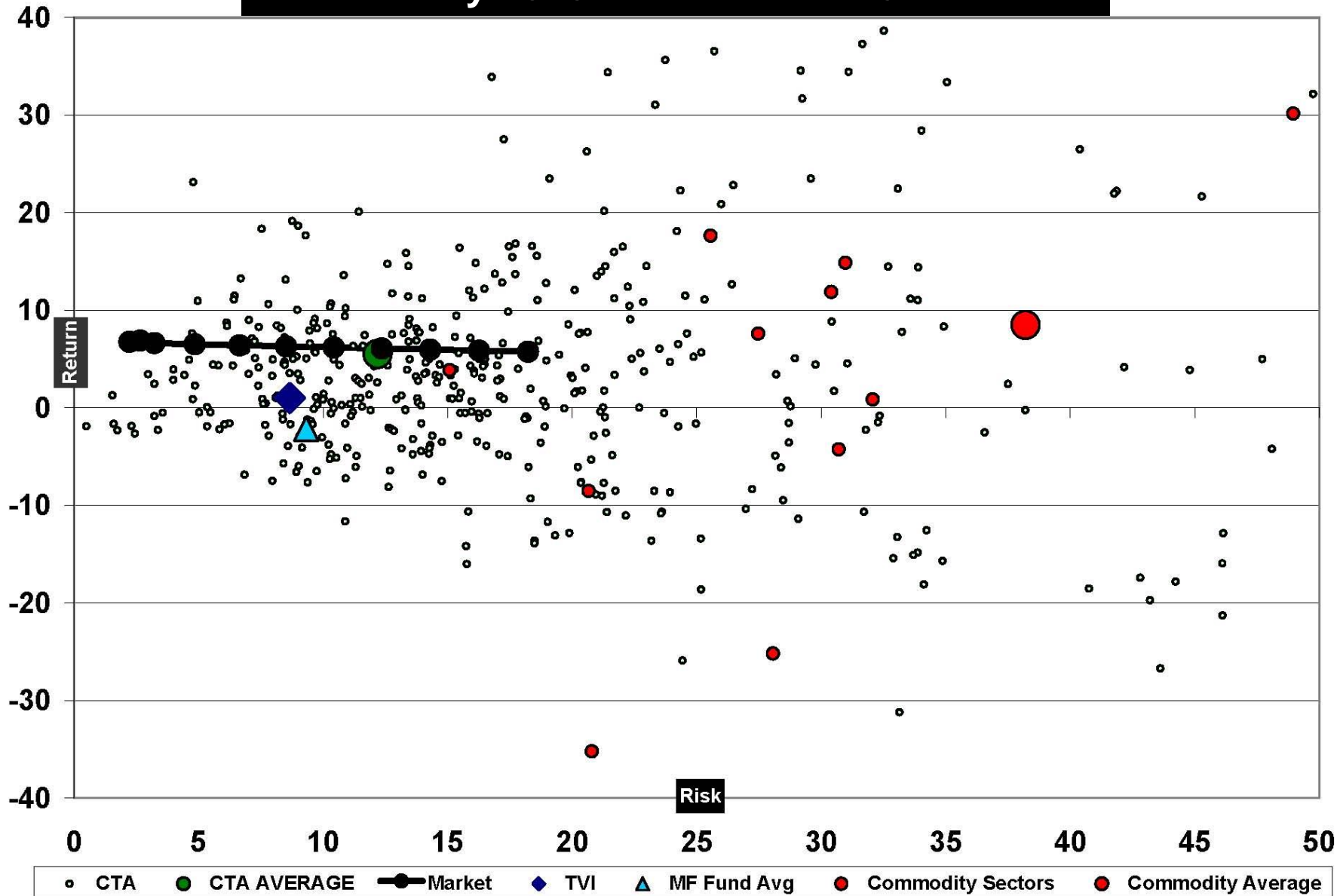
Performance displayed represents past performance, which is no guarantee of future results. The index returns assume reinvestment of all dividends, but do not reflect any management fees, transaction costs or expenses. The indexes are unmanaged and are not available for direct investment. Source: Morningstar

January 2000 to December 2010



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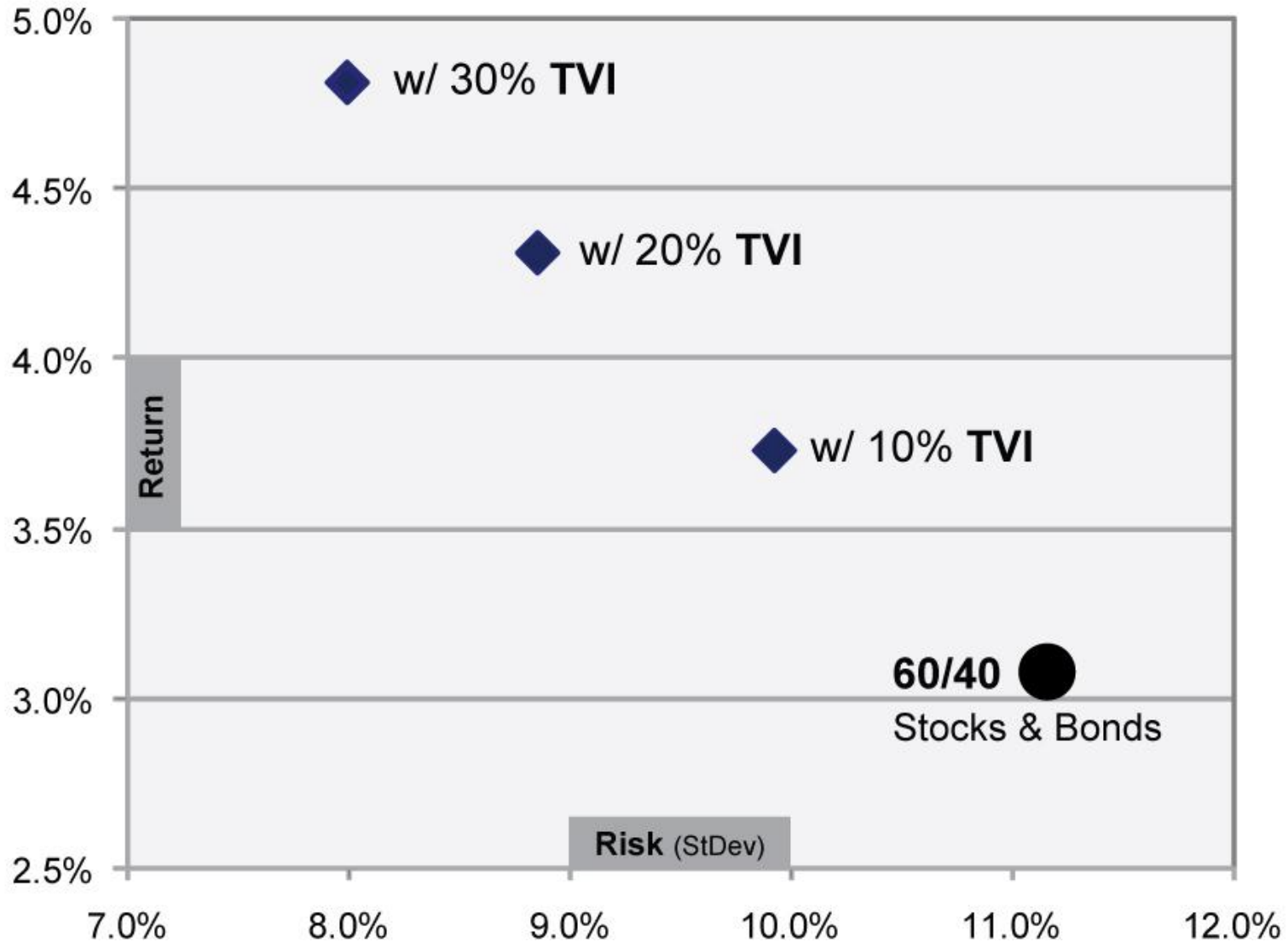
May 2010 to December 2011



Performance displayed represents past performance, which is no guarantee of future results. The index returns assume reinvestment of all dividends, but do not reflect any management fees, transaction costs or expenses. The indexes are unmanaged and are not available for direct investment. Source: Morningstar.

5 Year Annualized Risk/Return

(Jan 2007 - Dec 2011)



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Joe Barrato, CEO

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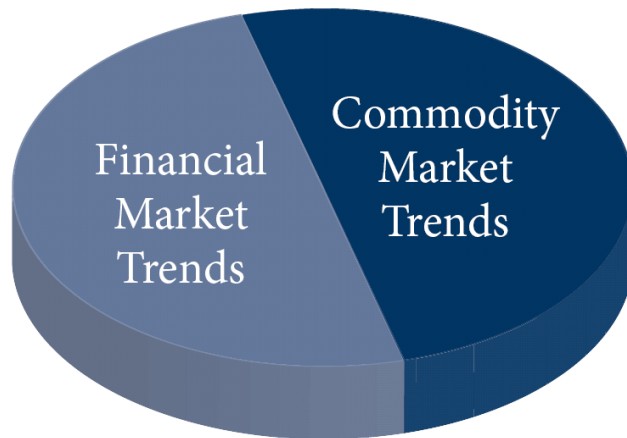


Arrow Managed Futures Trend Fund

Targeting Trends in the Global Futures Markets

The Arrow Managed Futures Trend Fund seeks to provide investment results that match the performance of a benchmark for measuring trends in the commodity and financial futures markets.

Benchmark: Trader Vic Index (TVI)TM



- A rules-based trend following system
- Long and short to capture trends in both rising and falling markets
- Designed to help reduce overall portfolio volatility



Mutual Fund with Managed Futures Features

	Mutual Funds	Managed Futures	
	Typically engage in more traditional buy and hold strategies	May trade actively, and typically engage in both long and short-selling strategies	✓
	Highly correlated to Equity and Bond markets	Low correlation to Equity and Bond Markets	✓
	Higher market risk	Lower market risk	✓
✓	Offer daily liquidity	Offer limited liquidity	
✓	Charge only asset-based fees	Charge performance and asset-based fees	
✓	Open to all investors	Qualified investors	
✓	Highly regulated	Lack of regulation	
✓	Highly transparent	Lack of transparency	
✓	Low minimum	High minimum	



Arrow Managed Futures Trend Fund

Class	Ticker	CUSIP
A-Shares	MFTFX	66537V526
C-Shares	MFTTX	66537V518

**For more information, call
(877) 277-6933, option 1**

Be sure to visit our website, www.arrowfunds.com



Disclosure

*Before investing, please read the fund's prospectus and shareholder reports to learn about its investment strategy and potential risks. Mutual fund investing involves risk including loss of principal. An investor should consider the fund's investment objective, charges, expenses and risks carefully before investing. **This and other information about the fund is contained in the fund's prospectus, which can be obtained by calling 1-877-277-6933.** Please read the prospectus carefully before investing. Distributed by Northern Lights Distributors, LLC (member FINRA). Arrow Investment Advisors and Northern Lights Distributors, LLC are unaffiliated entities.*

The Arrow Managed Futures Trend Fund may not be suitable for all investors. The fund may not replicate the exact performance of the benchmark because of fees, expenses, transaction costs and portfolio tracking error of the underlying investments. The fund's use of short selling involves increased risks and additional costs. The fund may invest in commodity- and currency-related securities, which may be subject to greater volatility than investments in traditional securities.

(Continued)



Disclosure (cont.)

The fund may invest in fixed income securities, which are subject to risks including interest rate, credit, inflation and counterparty risks. The use of derivatives such as futures, options and swap agreements may expose the fund to additional risks that it would not be subject to if it invested directly in the underlying securities. The fund may invest in international and emerging market securities which may be subject to special risks including currency fluctuation, government regulation, differences in accounting standards and liquidity. Investing in leveraged instruments will magnify any gains or losses on those instruments. Trader Vic Index and "TVI" are trademarks of Enhanced Alpha Management, LP (EAM). EAM is not affiliated with Arrow Investment Advisors, LLC or Northern Lights Distributors, LLC, and does not sponsor or endorse the fund.

The maximum sales charge for Arrow's A-Shares is 5.75%. A-Share investors may be eligible for a reduction in sales charges. The fund charges a fee of 1.00% on redemptions of shares held less than 30 days. Total fund expenses are 1.78% for A-Shares and 2.49% for C-Shares. The net annual operating expense is 1.65% for A-Shares and 2.36% for C-Shares, plus acquired fund fees and expenses of 0.13%.



Arrow Managed Futures Trend Fund

Class	Ticker	CUSIP
A-Shares	MFTFX	66537V526
C-Shares	MFTTX	66537V518

**For more information, call
(877) 277-6933, option 1**

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Arrow Managed Futures Trend Fund

As of 12/31/2011

	YTD	Three Month	One Year	Three Year	Inception (4/30/2010)	<i>Annualized</i>	
						StDev	Corr
MFTFX (A-Shares)	-6.57%	-2.71%	-6.57%	--	-0.87%	8.45%	(0.08)
<i>w/ Load</i>	-11.94%	-8.34%	-11.94%	--	-4.31%	N/A	N/A
MFTTX (C-Shares)	-7.27%	-2.84%	-7.27%	--	-1.54%	8.39%	(0.08)
TVI	-4.10%	-2.08%	-4.10%	N/A	0.99%	7.83%	(0.03)
BTOP50	-4.08%	-2.23%	-4.08%	N/A	0.35%	6.24%	0.03

Past performance does not guarantee future results. For periods less than one year, performance is not annualized. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-877-277-6933. The maximum sales charge for A-Shares is 5.75% and may be eligible for a reduction in sales charges. The fund charges a fee of 1.00% on redemptions of shares held less than 30 days. The total fund expenses 1.78% for A-Shares and 2.49% for C-Shares. The net annual operating expense is 1.65% for A-Shares and 2.36% for C-Shares, plus acquired fund fees and expenses of 0.13%.

The Barclay BTOP50 Index represents the equal-weighted net performance of the largest investable commodity trading advisor (CTA) programs, as measured by assets under management, rebalanced annually. It is not possible to invest in an index which is unmanaged and does not incur fees.