



ARROWSHARES
EXCHANGE TRADED SOLUTIONS

Arrow DWA Tactical ETF

DWAT

Annual Report
July 31, 2016

1-877-277-6933
1-877-ARROW-FD
www.ArrowShares.com

Dear Shareholder:

We are pleased to present this annual report for the **Arrow DWA Tactical ETF** (“DWAT” or “the Fund”) for the year ended July 31, 2016.

DWAT seeks long-term capital appreciation with capital preservation as a secondary objective. The Fund seeks to achieve its investment objective by implementing a proprietary Relative Strength (RS) Global Macro model developed by Dorsey Wright & Associates (DWA).

The Fund stays responsive to market conditions through a relative strength-based process that allocates to a portfolio consisting of exchange traded products in order to gain exposure to global markets. DWAT was first traded on the secondary markets on October 1, 2014 and net assets are over \$8.4 million through the end of July 2016.

Management’s Discussion of Fund Performance

All performance is based on net asset value (NAV) and assumes the reinvestment of distributions, without regard to individual taxes or withholdings. Index returns assume reinvestment of distributions, but do not include fees. Individual performance will vary due to a number of factors, including, but not limited to, trading commissions, bid/ask spreads, premium/discounts relative to the NAV, time of trading and other potential market factors—*please refer to the Fund’s prospectus for more information.*


Since its inception in October 2014 through July 2016, the Fund (NAV) had a total return of 4.57% versus the broad domestic stock market’s gain of 8.48% (S&P 500) over the same period. The domestic stock market showed fairly strong performance since the inception of the Fund, but is not a direct proxy for the portfolio strategy and only serves as a general benchmark. DWAT has a much broader investment universe, as it seeks market leadership throughout global markets and across multiple asset classes. Considering the low interest rate environment and some periods of choppiness, the domestic bond market performed fairly well in the short time since the Fund’s inception, with the Barclays Aggregate Bond Index up 4.26% since October 2014. The global markets have been an area of weakness, as the MSCI EAFE (USD) equity index returned -3.14% over the same period. For the one-year period ending July 31, 2016, the Fund was up 0.54%. The S&P 500 Index was up 5.61% and the Barclays Aggregate Bond Index was up 5.94%. Again, international stocks have not fared well, with the MSCI EAFE (USD) down -7.53%.

DWAT underperformed the S&P 500 because broadly diversified global holdings generally underperformed domestic equities. For example, the Fund held Japanese equities during the year. As an international holding, the Japanese market was competitive, but underperformed U.S. equities. For domestic holdings, the Fund had exposure to U.S. telecom, but was underweight relative to the S&P 500—and it was one of the top performing sectors. In short, the potential long-term benefits of global diversification were not on display over the past year. The PowerShares DB Gold Fund (DGL), iShares 7-10 Year Treasury Bond ETF (IEF) and SPDR S&P Dividend ETF (SDY) provided the greatest return contribution over the past year. Contributing the least to the Fund’s return for the year were the Vanguard Small-Cap Growth ETF (VBK), iShares MSCI Japan ETF (EWJ) and Health Care Select Sector SPDR (XLV).

The Fund generally pays distributions annually at the end of each calendar year, or as needed if special distributions are required. As of the last distribution made during the reporting period, with a record date of December 31, 2015, the Fund paid an income distribution of \$0.0065 per share with no distributed capital gains.

For more information about current performance, holdings or historical premiums/discounts, please visit our website at www.arrowshares.com. We are grateful for your continued confidence in our company.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Barrato". The signature is stylized with a large, circular flourish at the end.

Joseph J. Barrato
Chief Executive Officer
Arrow Investment Advisors, LLC
August 2016

1322-NLD-9/20/2016

Arrow DWA Tactical ETF
PORTFOLIO REVIEW (Unaudited)
July 31, 2016

The Fund's performance figures* for the periods ended July 31, 2016, as compared to its benchmarks:

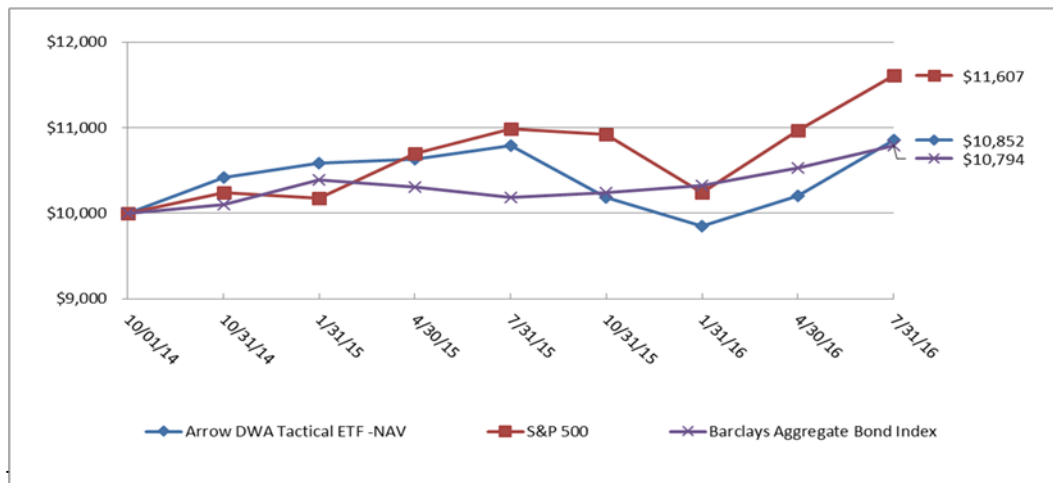
	One Year	Annualized Since Inception** July 31, 2016
Arrow DWA Tactical ETF - NAV	0.54%	4.57%
Arrow DWA Tactical ETF - Market Price	0.63%	4.52%
Barclays Aggregate Bond Index	5.94%	4.26%
S&P 500 Total Return Index	5.61%	8.48%

* The Fund's past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or on the redemption of the Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting www.ArrowShares.com or by calling 1-877-277-6933. The Fund's per share net asset value or "NAV" is the value of one share of the Fund as calculated in accordance with the standard formula for valuing mutual fund shares. The NAV return is based on the NAV of the Fund and the market return is based on the market price per share of the Fund. The price used to calculate market return ("Market Price") is determined by using the midpoint between the highest bid and the lowest offer on the primary stock exchange on which shares of the Fund are listed for trading, as of the time that the Fund's NAV is calculated. Market and NAV returns assume that dividends and capital gain distributions have been reinvested in the Fund at Market Price and NAV, respectively. The Fund's total annual operating expenses, before fee waivers and/or expense reimbursements is 2.18% per the December 1, 2015 prospectus. After fee waivers, the Fund's total annual expenses are 1.57%. Fund's total return would have been lower had the investment advisor not waived a portion of the Funds expenses. Please see the Financial Highlights for a more recent expense ratio.

** As of the close of business on the day of commencement of trading on October 1, 2014. For the most current expense ratios, please refer to The Barclays Aggregate Bond Index is commonly used as a benchmark by both passive and active investors to measure portfolio performance relative to the U.S. dollar-denominated investment grade fixed-rate taxable bond market. It is also an informational measure of broad market returns commonly applied to fixed income instruments. The index contains approximately 8,200 fixed income issues and is valued at around \$15 trillion, representing 43% of the total U.S. bond market.

The S&P 500 Total Return Index is a widely accepted, unmanaged index of U.S. stock market performance which does not take into account charges, fees and other expenses.

Comparison of the Change in Value of a \$10,000 Investment



<u>Asset Class</u>	<u>% of Net Assets</u>
Exchange Traded Funds:	
Equity Funds	80.7%
Commodity Funds	18.6%
Other, Cash & Cash Equivalents	0.7%
	100.0%

Please refer to the Portfolio of Investments in this Annual Report for a detailed analysis of the Fund's Holdings.

Arrow DWA Tactical ETF
PORTFOLIO OF INVESTMENTS
July 31, 2016

Shares		Value
	EXCHANGE TRADED FUNDS - 99.3%	
	COMMODITY FUNDS - 18.6%	
19,283	PowerShares DB Gold ETF *	\$ 850,766
17,271	PowerShares DB Precious Metals ETF *	730,218
		1,580,984
	EQUITY FUNDS - 80.7%	
14,741	Consumer Staples Select Sector SPDR ETF	806,185
8,141	iShares Cohen & Steers REIT ETF	909,594
11,631	iShares Edge MSCI USA Quality Factor ETF	791,024
9,563	iShares Select Dividend	831,886
58,826	PowerShares High Yield Equity Dividend Achievers ETF	934,745
20,694	PowerShares S&P 500 Low Volatility ETF	885,910
9,239	SPDR S&P Dividend ETF	797,233
17,120	Utilities Select Sector SPDR ETF	892,295
		6,848,872
	TOTAL EXCHANGE TRADED FUNDS (Cost \$7,694,201)	8,429,856
	TOTAL INVESTMENTS - 99.3% (Cost \$7,694,201) (a)	\$ 8,429,856
	OTHER ASSETS LESS LIABILITIES - 0.7%	56,500
	NET ASSETS - 100.0%	\$ 8,486,356

(a) Represents cost for financial reporting purposes. Aggregate cost for federal tax purposes is \$7,694,201 and differs from value by net unrealized appreciation (depreciation) of securities as follows:

Unrealized Appreciation:	\$ 736,589
Unrealized Depreciation	(934)
Net Unrealized Appreciation:	\$ 735,655

* Non - Income producing security
REIT - Real Estate Investment Trust

Arrow DWA Tactical ETF
STATEMENT OF ASSETS AND LIABILITIES
July 31, 2016

ASSETS

Investment securities:		
At cost	\$	7,694,201
At value	\$	8,429,856
Cash		78,277
TOTAL ASSETS		8,508,133

LIABILITIES

Investment advisory fees payable		3,989
Payable to related parties		1,888
Accrued expenses and other liabilities		15,900
TOTAL LIABILITIES		21,777

NET ASSETS

\$ 8,486,356

Net Assets Consist Of:

Paid in capital	\$	8,330,199
Undistributed net investment income		22,494
Accumulated net realized loss from investment transactions		(601,992)
Net unrealized appreciation of investments		735,655

NET ASSETS

\$ 8,486,356

Net Asset Value Per Share:

Net Assets	\$	8,486,356
Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized)		800,000
Net asset value (Net Assets ÷ Shares Outstanding)	\$	10.61

Arrow DWA Tactical ETF
STATEMENT OF OPERATIONS
For the Year Ended July 31, 2016

INVESTMENT INCOME

Dividends	\$ 149,534
Interest	195
TOTAL INVESTMENT INCOME	149,729

EXPENSES

Investment advisory fees	80,199
Custodian fees	12,407
Audit fees	11,498
Printing and postage expenses	11,415
Transfer agent fees	9,891
Listing fees	7,070
Trustees fees and expenses	6,068
Legal fees	5,975
Administrative services fees	5,618
Professional fees	466
Insurance expense	392
Other expenses	10
TOTAL EXPENSES	151,009
Less: Fees waived by the Advisor	(38,519)
NET EXPENSES	112,490

NET INVESTMENT INCOME

37,239

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized gain (loss) on:	
In-kind redemptions	(11,053)
Net realized loss on investments	(558,497)
Distributions of capital gains from underlying investment companies	1,221
Net realized gain (loss)	(568,329)
Net change in unrealized appreciation on investments	506,710

NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS

(61,619)

NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$ (24,380)

Arrow DWA Tactical ETF
STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended July 31, 2016	Period Ended July 31, 2015 (a)
FROM OPERATIONS		
Net investment income	\$ 37,239	\$ 13,459
Net realized gain (loss) on investments	(569,550)	36,701
Distributions of capital gains from underlying investment companies	1,221	-
Net change in unrealized appreciation on investments	506,710	228,945
Net increase (decrease) in net assets resulting from operations	<u>(24,380)</u>	<u>279,105</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	(5,200)	(19,650)
Net decrease in net assets resulting from distributions to shareholders	<u>(5,200)</u>	<u>(19,650)</u>
FROM SHARES OF BENEFICIAL INTEREST		
Proceeds from shares sold	-	10,314,472
Cost of shares redeemed	(989,918)	(1,068,073)
Net increase (decrease) in net assets resulting from shares of beneficial interest	<u>(989,918)</u>	<u>9,246,399</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	(1,019,498)	9,505,854
NET ASSETS		
Beginning of Period	9,505,854	-
End of Period*	<u>\$ 8,486,356</u>	<u>\$ 9,505,854</u>
*Includes accumulated net investment income (loss) of:	<u>\$ 22,494</u>	<u>\$ (5,575)</u>
SHARE ACTIVITY		
Shares Sold	-	1,000,000
Shares Redeemed	(100,000)	(100,000)
Net increase (decrease) in shares of beneficial interest outstanding	<u>(100,000)</u>	<u>900,000</u>

(a) The Arrow DWA Tactical ETF commenced operations on September 30, 2014.

Arrow DWA Tactical ETF FINANCIAL HIGHLIGHTS

Per Share Data and Ratios for a Share of Beneficial Interest Outstanding Throughout Each Period

	Year Ended July 31, 2016	Period Ended July 31, 2015 (1)
Net asset value, beginning of period	\$ 10.56	\$ 10.00
Activity from investment operations:		
Net investment income (2)	0.05	0.02
Net realized and unrealized gain on investments	0.01 (10)	0.58
Total from investment operations	0.06	0.60
Less distributions from:		
Net investment income	(0.01)	(0.04)
Total distributions	(0.01)	(0.04)
Net asset value, end of period	\$ 10.61	\$ 10.56
Total return (6)	0.54%	5.99% (4)(7)
Net assets, at end of period (000s)	\$ 8,486	\$ 9,506
Ratio of gross expenses to average net assets (8)	1.89%	2.01% (3)
Ratio of net expenses to average net assets (8)	1.40%	1.40% (3)
Ratio of net investment income to average net assets (8)(9)	0.46%	0.24% (3)
Portfolio Turnover Rate (5)	154%	111% (4)

(1) The Arrow DWA Tactical ETF commenced operations on September 30, 2014.

(2) Per share amounts calculated using the average shares method, which more appropriately presents the per share data for the period.

(3) Annualized.

(4) Not Annualized.

(5) Portfolio turnover rate excludes portfolio securities received or delivered as a result of processing capital share transactions in Creation Units.

(6) Total return is calculated assuming a purchase of shares at net asset value on the first day and a sale at net asset value on the last day of the period. Distributions are assumed, for the purpose of this calculation, to be reinvested at the ex-dividend date net asset value per share on their respective payment dates. Broker commission charges are not included in this calculation. Had the Adviser not waived a portion of the expenses, total returns would have been lower.

(7) Represents total return based on net asset values per share from commencement of investment operations on September 30, 2014 through July 31, 2015. Total return based on net asset value per share, as of the close of business on the day of commencement of trading on the NASDAQ OMX on October 1, 2014 to July 31, 2015 was 7.93%.

(8) Does not include the Fund's share of the expenses of the underlying investment companies in which the Fund invests.

(9) The recognition of investment income by the Fund is affected by the timing and declaration of dividends by the underlying investment companies in which the Fund invests.

(10) Realized and unrealized gains and losses per share in this caption are balancing amounts necessary to reconcile the change in net asset value per share for the period, and may not reconcile with the aggregate gains and losses in the Statement of Operations due to share transactions during the period.

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS
July 31, 2016

I. ORGANIZATION

The Arrow DWA Tactical ETF (the “Fund”) is a non-diversified series of Arrow Investments Trust, a statutory trust organized under the laws of the State of Delaware on August 2, 2011, and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Fund’s investment objective is to seek long-term capital appreciation with preservation as a secondary objective. The investment objective is non-fundamental. The Fund commenced operations on September 30, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The Fund follows the specialized accounting and reporting requirements under GAAP that are applicable to investment companies.

Securities valuation – Securities listed on an exchange are valued at the last reported sale price at the close of the regular trading session of the exchange on the business day the value is being determined, or in the case of securities listed on NASDAQ at the NASDAQ Official Closing Price (“NOCP”). In the absence of a sale such securities shall be valued at the last bid price on the day of valuation. Debt securities (other than short-term obligations) are valued each day by an independent pricing service approved by the Board of Trustees (the “Board”) using methods which include current market quotations from a major market maker in the securities and based on methods which include the consideration of yields or prices of securities of comparable quality, coupon, maturity and type. Investments valued in currencies other than the U.S. dollar are converted to U.S. dollars using exchange rates obtained from pricing services. If market quotations are not readily available or if the Advisor believes the market quotations are not reflective of market value, securities will be valued at their fair value as determined in good faith by the Trust’s Fair Value Committee and in accordance with the Trust’s Portfolio Securities Valuation Procedures (the “Procedures”). The Board will review the fair value method in use for securities requiring a fair value determination at least quarterly. The Procedures consider, among others, the following factors to determine a security’s fair value: the nature and pricing history (if any) of the security; whether any dealer quotations for the security are available; and possible valuation methodologies that could be used to determine the fair value of the security. Fair value may also be used by the Board if extraordinary events occur after the close of the relevant world market but prior to the NYSE close. Short-term debt obligations having 60 days or less remaining until maturity, at time of purchase, may be valued at amortized cost.

Valuation of Fund of Funds - The Fund may invest in portfolios of open-end or closed-end investment companies (the “Underlying Funds”). Underlying open-end funds are valued at their respective net asset values as reported by such investment companies. The Underlying Funds value securities in their

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS (Continued)
July 31, 2016

portfolios for which market quotations are readily available at their market values (generally the last reported sale price) and all other securities and assets at their fair value by the methods established by the Boards of the Underlying Funds. The shares of many closed-end investment companies, after their initial public offering, frequently trade at a price per share, which is different than the net asset value per share. The difference represents a market premium or market discount of such shares. There can be no assurances that the market discount or market premium on shares of any closed-end investment company purchased by the Fund will not change.

Exchange Traded Funds – The Fund may invest in exchange traded funds (“ETFs”). ETFs are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track the performance and dividend yield of a particular domestic or foreign market index. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although the lack of liquidity on an ETF could result in it being more volatile. Additionally, ETFs have fees and expenses that reduce their value.

In unusual circumstances, securities may be valued at their fair value as determined in good faith by the Trust’s Fair Value Committee and in accordance with the Trust’s Portfolio Securities Valuation Procedures (the “Procedures”). The Board will review the fair value method in use for securities requiring a fair market value determination at least quarterly. The Procedures consider, among others, the following factors to determine a security’s fair value: the nature and pricing history (if any) of the security; whether any dealer quotations for the security are available; and possible valuation methodologies that could be used to determine the fair value of the security.

The Fund utilizes various methods to measure the fair value of all of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of input are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS (Continued)
July 31, 2016

unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following tables summarize the inputs used as of July 31, 2016 for the Fund's assets measured at fair value:

Arrow DWA Tactical ETF

Assets	Level 1	Level 2	Level 3	Total
Exchange Traded Funds *	\$ 8,429,856	\$ -	\$ -	\$ 8,429,856
Total	\$ 8,429,856	\$ -	\$ -	\$ 8,429,856

There were no transfers into or out of Level 1 and Level 2 during the current period presented. It is the Fund's policy to record transfers into or out of Level 1 and Level 2 at the end of the reporting period.

The Fund did not hold any Level 2 or Level 3 securities during the period.

* See Portfolio of Investments for classification.

Security transactions and related income – Security transactions are accounted for on the trade date. Interest income is recognized on an accrual basis. Discounts are accreted and premiums are amortized on securities purchased over the lives of the respective securities. Dividend income is recorded on the ex-dividend date. Realized gains or losses from sales of securities are determined by comparing the identified cost of the security lot sold with the net sales proceeds.

Dividends and distributions to shareholders – Dividends from net investment income, if any, are declared and paid annually. Distributable net realized capital gains, if any, are declared and distributed annually. Dividends from net investment income and distributions from net realized gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These “book/tax” differences are considered either temporary (e.g., deferred losses) or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the composition of net assets based on their federal tax-basis treatment; temporary differences do not require reclassification. Dividends and distributions to shareholders are recorded on ex-dividend date.

Federal Income Taxes – The Fund intends to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Therefore, no provision for federal income tax is required. The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken in the Fund's 2015 tax return or expected to be taken in the Fund's

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS (Continued)
July 31, 2016

2016 tax returns. The Fund identified its major tax jurisdictions as U.S. Federal and foreign jurisdictions where the Fund makes significant investments. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

Indemnification – The Trust indemnifies its officers and Trustees for certain liabilities that may arise from the performance of their duties to the Trust. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the risk of loss due to these warranties and indemnities appears to be remote.

3. INVESTMENT TRANSACTIONS

For the year ended July 31, 2016, cost of purchases and proceeds from sales of portfolio securities (excluding in-kind transactions and short-term investments), amounted to \$12,236,011 and \$12,198,837 respectively.

For the year ended July 31, 2016, cost of purchases and proceeds from sales of portfolio securities for in-kind transactions, amounted to \$0 and \$982,673 respectively.

4. INVESTMENT ADVISORY AGREEMENT / TRANSACTIONS WITH RELATED PARTIES

The business activities of the Fund are overseen by the Board, which is responsible for the overall management of the Fund. Arrow Investment Advisors, LLC serves as the Fund’s Investment Advisor (the “Advisor”) pursuant to an Investment Advisory Agreement with the Trust (the “Advisory Agreement”). The Trust has entered into a Global Custody Agreement with Brown Brothers Harriman & Co. to serve as Custodian and to act as transfer and shareholder services agent. The Trust has also entered into an Underwriting Agreement with Northern Lights Distributors, LLC to serve as the principal underwriter and distributor for the Trust.

Pursuant to the Advisory Agreement, the Advisor, under the oversight of the Board, directs the daily operations of the Fund and supervises the performance of administrative and professional services provided by others. As compensation for its services and the related expenses borne by the Advisor, the Fund pays the Advisor a fee, computed and accrued daily and paid monthly, at an annual rate of 1.00% of the Fund’s average daily net assets.

Pursuant to a written contract (the "Waiver Agreement"), the Advisor has agreed, at least until November 30, 2016 to waive a portion of its advisory fee and has agreed to reimburse the Fund for other expenses to the extent necessary so that total expenses incurred (exclusive of any front-end or contingent deferred sales loads, taxes, leverage interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividend expense on securities sold short, underlying fund fees and expenses and extraordinary expenses such as litigation expenses) will not exceed 1.40%.

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS (Continued)
July 31, 2016

The amounts will herein be referred to as the "Expense Limitation."

If the Advisor waives any fee or reimburses any expenses pursuant to the Waiver agreement, and the Fund's operating expenses are subsequently lower than its Expense Limitation, the Advisor, on a rolling three year period, shall be entitled to reimbursement by the Fund provided that such reimbursement does not cause the Fund's operating expense to exceed the Expense Limitation. If the Fund's operating expenses subsequently exceed the Expense Limitation, the reimbursements for the Fund shall be suspended. For the year ended July 31, 2016, the advisor waived fees in the amount of \$38,519.

The following amounts are subject to recapture by the Advisor by the following dates:

7/31/2018	7/31/2019
\$ 33,723	\$ 38,519

The Advisor may seek reimbursement only for expenses waived or paid by it during the three fiscal years prior to such reimbursement; provided, however, that such expenses may only be reimbursed to the extent they were waived or paid after the effective date of the Waiver Agreement (or any similar agreement). The Board may terminate this expense reimbursement arrangement at any time.

The Trust, with respect to the Fund, has adopted a distribution and service plan ("Plan") pursuant to Rule 12b-1 under the 1940 Act. Under the Plan, the Fund is authorized to pay distribution fees to the distributor and other firms that provide distribution and shareholder services ("Service Providers"). If a Service Provider provides these services, the Fund may pay fees at an annual rate not to exceed 0.25% of average daily net assets, pursuant to Rule 12b-1 under the 1940 Act.

No distribution or service fees are currently paid by the Fund and there are no current plans to impose these fees. In the event Rule 12b-1 fees were charged, over time they would increase the cost of an investment in the Fund.

Gemini Fund Services, LLC ("GFS"), provides administration and fund accounting services to the Trust. Pursuant to separate servicing agreements with GFS, the Fund pays GFS customary fees for providing administration and fund accounting services to the Fund. Certain officers of the Trust are also officers of GFS, and are not paid any fees directly by the Fund for serving in such capacities.

Blu Giant, LLC ("Blu Giant") – an affiliate of GFS, provides EDGAR conversion and filing services as well as print management services for the Fund on an ad-hoc basis. For the provision of these services, Blu Giant receives customary fees from the Fund.

Bassett Compliance Consulting Services, LLC ("BCCS") provides Chief Compliance Officer ("CCO") to the Trust. Under the terms of such agreement, BCCS receives customary fees from the Fund.

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS (Continued)
July 31, 2016

5. CAPITAL SHARE TRANSACTIONS

Shares are not individually redeemable and may be redeemed by the Fund at NAV only in large blocks known as “Creation Units.” Shares are created and redeemed by the Fund only in Creation Unit size aggregations of 100,000 shares. Only Authorized Participants are permitted to purchase or redeem Creation Units from the Fund. An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a DTC participant and, in each case, must have executed a Participant Agreement with the Distributor. Such transactions are generally permitted on an in-kind basis, with a balancing cash component to equate the transaction to the NAV per share of the Fund on the transaction date. Cash may be substituted equivalent to the value of certain securities generally when they are not available in sufficient quantity for delivery, not eligible for trading by the Authorized Participant or as a result of other market circumstances. In addition, the Fund may impose transaction fees on purchases and redemptions of Fund shares to cover the custodial and other costs incurred by the Fund in effecting trades. A fixed fee payable to the Custodian may be imposed on each creation and redemption transaction regardless of the number of Creation Units involved in the transaction (“Fixed Fee”). Purchases and redemptions of Creation Units for cash or involving cash-in-lieu are required to pay an additional variable charge to compensate the Fund and its ongoing shareholders for brokerage and market impact expenses relating to Creation Unit transactions (“Variable Charge,” and together with the Fixed Fee, the “Transaction Fees”). Transactions in capital shares for the Fund are disclosed in the Statements of Changes in Net Assets.

The Transaction Fees for the Fund are listed in the table below:

	Fixed Fee	Variable Charge
Fund	\$500	2.00%*

* The maximum Transaction Fee may be up to 2.00% of the amount invested.

6. DISTRIBUTIONS TO SHAREHOLDERS AND TAX COMPONENTS OF CAPITAL

The tax character of distributions paid during the following periods was as follows:

	Fiscal Year Ended July 31, 2016	Fiscal Period Ended July 31, 2015
Ordinary Income	\$ 5,200	\$ 19,034
Return of Capital	-	616
	<u>\$ 5,200</u>	<u>\$ 19,650</u>

As of July 31, 2016, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Post October Loss and Late Year Loss	Capital Loss Carry Forwards	Other Book/Tax Differences	Unrealized Appreciation	Total Accumulated Earnings
\$ 22,494	\$ -	\$ (228,012)	\$ (373,980)	\$ -	\$ 735,655	\$ 156,157

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS (Continued)
July 31, 2016

Capital losses incurred after October 31 within the fiscal year are deemed to arise on the first business day of the following fiscal year for tax purposes. The Fund incurred and elected to defer such capital losses of \$228,012.

At July 31, 2016, the Fund had capital loss carry forwards for federal income tax purposes available to offset future capital gains as follows:

Non-Expiring Short-Term	Non-Expiring Long-Term	Total
\$ 373,980	\$ -	\$ 373,980

Permanent book and tax differences, primarily attributable to tax adjustments for partnerships and realized gains (losses) on in-kind redemptions, resulted in reclassification for the year ended July 31, 2016 as follows:

Paid In Capital	Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gains (Loss)
\$ (11,473)	\$ (3,970)	\$ 15,443

7. NEW ACCOUNTING PRONOUNCEMENT

In May 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-07, “Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)”, modifying ASC 946 “Financial Services – Investment Companies”. Under the modifications, investments in affiliated and private investment funds valued at Net Asset Value are no longer included in the fair value hierarchy disclosed in Footnote 2. ASU 2015-07 is effective for fiscal years beginning on or after December 15, 2015, and interim periods within those annual periods. Early application is permitted. Management is currently evaluating the implications of ASU 2015-07 and its impact on financial statement disclosures.

8. SUBSEQUENT EVENTS

The Fund is required to recognize in the financial statement the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made.

At a Special Meeting of Shareholders of the Funds, held at the offices of Gemini Fund Services, LLC, 80 Arkay Drive, Hauppauge, NY 11788, on Friday, August 19, 2016, shareholders of record at the close of business on July 1, 2016 voted to approve the following proposals:

ARROW DWA TACTICAL ETF
NOTES TO FINANCIAL STATEMENTS (Continued)
July 31, 2016

Proposal 1: To elect Thomas T. Sarkany and Robert S. Andrialis to the Board of Trustees of the Trust.

Thomas T. Sarkany	
Shares Voted <u>In Favor</u>	Shares Voted Against <u>or Abstentions</u>
55,559,565	359,526

Robert S. Andrialis	
Shares Voted <u>In Favor</u>	Shares Voted Against <u>or Abstentions</u>
55,551,965	367,126

Management has determined that there were no other subsequent events to report through the issuance of these financial statements.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Trustees of Arrow Investments Trust
and the Shareholders of Arrow DWA Tactical ETF**

We have audited the accompanying statement of assets and liabilities of the Arrow DWA Tactical ETF (the "**Fund**"), a series of shares of beneficial interest in the Arrow Investments Trust, including the portfolio of investments, as of July 31, 2016, and the related statement of operations for the year then ended and the statements of changes in net assets and the financial highlights for the year then ended and for the period from September 30, 2014 (commencement of operations) through July 31, 2015. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of July 31, 2016 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Arrow DWA Tactical ETF as of July 31, 2016, and the results of its operations for the year then ended and the changes in its net assets and its financial highlights for the year then ended and the period from September 30, 2014 (commencement of operations) through July 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

BBD, LLP

BBD, LLP

**Philadelphia, Pennsylvania
September 26, 2016**

Arrow DWA Tactical ETF
EXPENSE EXAMPLES (Unaudited)
July 31, 2016

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares; (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from February 1, 2016 through July 31, 2016.

Actual Expenses

The “Actual” expenses line in the table below provides information about actual account values and actual expenses. You may use the information below, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the table under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The “Hypothetical” line in the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balances or expenses you paid for the period. You may use this information to compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of Fund shares. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 2/1/16	Ending Account Value 7/31/16	Expenses Paid During Period* 2/1/16 - 7/31/16	Expenses Paid During Period** 2/1/16 - 7/31/16
Actual	\$1,000.00	\$1,101.80	\$7.32	1.40%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,017.90	\$7.02	1.40%

***Actual” expense information for the Fund is for the period from February 1, 2016 to July 31, 2016. Actual expenses are equal to the Fund’s annualized net expense ratio multiplied by 182/366 (to reflect the period from February 1, 2016 to July 31, 2016). “Hypothetical” expense information for the Fund is presented on the basis of the full one-half year period to enable comparison to other funds. It is based on assuming the same net expense ratio and average account value over the period, but it is multiplied by 182/366 (to reflect the full half-year period).*

*** Annualized.*

Arrow DWA Tactical ETF
SUPPLEMENTAL INFORMATION (Unaudited)

July 31, 2016

This chart provides information about the Trustees and Officers who oversee the Funds. Officers elected by the Trustees manage the day-to-day operations of the Funds and execute policies formulated by the Trustees. The address of each Trustee and Officer is 6100 Chevy Chase Drive, Suite 100, Laurel, Maryland 20707, unless otherwise noted.

Independent Trustees

Name, Address and Year of Birth	Position(s) Held with Trust*	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years and Current Directorships	Number of Funds in the Fund Complex*** Overseen by Trustee	Other Directorships held During the Past Five Years
Paul Montgomery Year of Birth: 1953	Trustee	Since Sept. 2011	Director of Research Scotia Partners, LLC (since 2012) Managing Member, Theta Investment Research, LLC (2003-2012).	8	Arrow ETF Trust (since March 2014)
Thomas T. Sarkany Year of Birth: 1946	Trustee	Since March 2014	Founder and President, TTS Consultants, LLC, 2010 – present.	8	Northern Lights Fund Trust IV (since July 2015); Arrow ETF Trust (since 2012), Northern Lights Fund Trust II (since 2011); Director, Aquila Distributors (since 1981)
Robert S. Andrialis Year of Birth: 1944	Trustee	Since March 2014	Currently Independent Consultant; Formerly President, Secured Growth Quantitative Research, 2011–2014; Independent Consultant 2010-2011	8	Arrow ETF Trust (since 2012)

Arrow DWA Tactical ETF
SUPPLEMENTAL INFORMATION (Unaudited) (Continued)
July 31, 2016

Interested Trustees and Officers

Name, Address and Year of Birth	Position(s) Held with Trust *	Term of Office and Length of Time Served	Principal Occupation During the Past Five Years and Current Directorships	Number of Funds in the Fund Complex*** Overseen by Trustee	Other Directorships held by Trustee During the Past Five Years
Joseph Barrato** Year of Birth: 1965	Trustee, President & Principal Executive Officer	Since Sept. 2011	Founder and Chief Executive Officer, Arrow Investment Advisor, LLC (registered investment advisor), 2006-present.	8	Arrow ETF Trust (since 2012)
Sam Singh 80 Arkay Drive Hauppauge, NY 11788 Year of Birth: 1976	Principal Financial Officer and Treasurer	Since Oct. 2013	Vice President, GFS (since January 2015); Assistant Vice President, GFS (2011-2014); Vice President of Fund Administration; BNY Mellon (2007-2011)	N/A	N/A
Jake Griffith Year of Birth: 1978	Secretary	Since Sept. 2011	Founder and President, Director of Sales, Arrow (since 2006).	N/A	N/A
Dawn M. Dennis 80 Arkay Drive, Hauppauge, NY 11788 Year of Birth: 1966	Assistant Secretary	Since June 2013	Senior Paralegal, GFS (since May 2013), Paralegal (from July 2011 through April 2013)	N/A	N/A
Patrick Bassett Year Birth: 1970	Chief Compliance Officer	Since June 2015	Chief Compliance Officer of Arrow Investment Advisors, LLC (2008-2014); retired (2014-2015).	N/A	N/A

* The term of office for each Trustee and officer listed above will continue indefinitely.

** Joseph Barrato is considered to be an "interested person" of the Arrow Investments Trust, as that term is defined in the 1940 Act, because he is a controlling interest holder of the investment Advisor to the Fund, Arrow Investment Advisors, LLC.

*** The term "Fund Complex" includes the Arrow ETF Trust ("ARROWETF") and Arrow Investments Trust.

The Fund's Statement of Additional Information includes additional information about the Trustees and is available free of charge, upon request, by calling toll-free at 1-877-277-6933.

PRIVACY NOTICE

ARROW INVESTMENTS TRUST

FACTS

WHAT DOES ARROW INVESTMENTS TRUST DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some, but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depends on the product or service that you have with us. This information can include:

- Social Security number and wire transfer instructions
- account transactions and transaction history
- investment experience and purchase history

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Arrow Investments Trust chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information:	Does Arrow Investments Trust share information?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus.	YES	NO
For our marketing purposes - to offer our products and services to you.	NO	We don't share
For joint marketing with other financial companies.	NO	We don't share
For our affiliates' everyday business purposes - information about your transactions and records.	NO	We don't share
For our affiliates' everyday business purposes - information about your credit worthiness.	NO	We don't share
For nonaffiliates to market to you	NO	We don't share

QUESTIONS? Call 1-877-277-6933

PRIVACY NOTICE

ARROW INVESTMENTS TRUST

Page 2

What we do:

How does Arrow Investments Trust protect my personal information?	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.</p>
How does Arrow Investments Trust collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • open an account or deposit money • direct us to buy securities or direct us to sell your securities • seek advice about your investments <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> • sharing for affiliates' everyday business purposes – information about your creditworthiness. • affiliates from using your information to market to you. • sharing for nonaffiliates to market to you. <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>Arrow Investments Trust does not share with our affiliates.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>Arrow Investments Trust does not share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>Arrow Investments Trust does not jointly market.</i>

PROXY VOTING POLICY

Information regarding how the Fund voted proxies relating to portfolio securities for the most recent twelve-month period ended June 30 as well as a description of the policies and procedures that the Fund uses to determine how to vote proxies is available without charge, upon request, by calling 1-877-277-6933 or by referring to the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

PORTFOLIO HOLDINGS

The Fund files its complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Form N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (1-800-SEC-0330). The information on Form N-Q is available without charge, upon request, by calling 1-877-277-6933.

INVESTMENT ADVISOR

Arrow Investment Advisors, LLC
6100 Chevy Chase Drive
Suite 100
Laurel, MD 20707

ADMINISTRATOR

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Hauppauge, NY 11788