



**ARROWSHARES**  
EXCHANGE TRADED SOLUTIONS

Arrow Dow Jones Global Yield ETF

**GYLD**

Semi-Annual Report  
July 31, 2016

1-877-277-6933  
1-877-ARROW-FD  
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**Arrow Dow Jones Global Yield ETF**  
**PORTFOLIO REVIEW (Unaudited)**  
**July 31, 2016**

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

|   | Six Months | One Year | Annualized<br>Three Years | Annualized<br>Since Inception** -<br>July 31, 2016 |
|---|------------|----------|---------------------------|--|
| Arrow Dow Jones Global Yield ETF - NAV          | 21.71%     | (5.26)%  | (2.50)%                   | 1.15%  |
| Arrow Dow Jones Global Yield ETF - Market Price | 23.47%     | (4.27)%  | (2.69)%                   | 0.67%  |
| Dow Jones Global Composite Yield Index ***      | 22.85%     | (4.05)%  | (1.31)%                   | 2.06%  |

\*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. 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](http://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. Since shares of the Fund did not trade in the secondary market until after the Fund's inception, for the period from inception (5/2/2012) to the first day of secondary market trading shares of the Fund, the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. 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 expense are 0.75% per the June 1, 2016 prospectus.

\*\* Commencement of trading is May 8, 2012.

\*\*\* The Dow Jones Global Composite Yield Index is constructed by equally weighting the five global high-yield index baskets, each of which is made up of 30 equally weighted components.

The Fund's Top Asset Classes are as follows:

| <b><u>Asset Class</u></b>      | <b><u>% of Net Assets</u></b> |
|--------------------------------|-------------------------------|
| Financial                      | 24.5%                         |
| Energy                         | 23.5%                         |
| Government                     | 19.2%                         |
| Communications                 | 7.3%                          |
| Utilities                      | 6.5%                          |
| Basic Materials                | 6.1%                          |
| Industrial                     | 5.8%                          |
| Consumer, Non-Cyclical         | 2.8%                          |
| Consumer, Cyclical             | 2.3%                          |
| Diversified                    | 0.7%                          |
| Other, Cash & Cash Equivalents | 1.3%                          |
|                                | 100.0%                        |

Please refer to the Portfolio of Investments in this Semi-Annual report for a detailed analysis of the Fund's holdings.

**Arrow Dow Jones Global Yield ETF**  
**PORTFOLIO OF INVESTMENTS (Unaudited)**  
**July 31, 2016**

| Principal (\$) |   | Value      |
|----------------|---|------------|
|                | <b>BONDS &amp; NOTES - 38.7%</b>                      |            |
|                | <b>AGRICULTURE - 0.6%</b>                             |            |
| 598,000        | Vector Group Ltd., 7.750%, due 2/15/2021              | \$ 625,657 |
|                | <b>CHEMICALS - 1.3%</b>                               |            |
| 772,000        | The Chemours Co., 6.625%, due 5/15/2023               | 665,850    |
| 795,000        | The Chemours Co., 7.000%, due 5/15/2025               | 675,750    |
|                |   | 1,341,600  |
|                | <b>COMMERCIAL SERVICES - 0.7%</b>                     |            |
| 665,000        | Avis Budget Finance, Inc., 5.500%, due 4/1/2023       | 660,012    |
|                | <b>DIVERSIFIED FINANCIAL SERVICES - 1.3%</b>          |            |
| 680,000        | Navient Corp., 5.000%, due 10/26/2020                 | 663,000    |
| 760,000        | Navient Corp., 5.875%, due 10/25/2024                 | 701,100    |
|                |   | 1,364,100  |
|                | <b>ELECTRIC - 2.0%</b>                                |            |
| 640,000        | Emera, Inc., 6.750%, due 6/15/2076                    | 691,840    |
| 664,000        | NRG Energy, Inc., 6.250%, due 7/15/2022               | 667,320    |
| 887,000        | PPL Energy Supply LLC, 4.600%, due 12/15/2021         | 709,600    |
|                |   | 2,068,760  |
|                | <b>FOREST PRODUCTS &amp; PAPER - 0.7%</b>             |            |
| 824,000        | Resolute Forest Products, Inc., 5.875%, due 5/15/2023 | 675,680    |
|                | <b>IRON &amp; STEEL - 0.7%</b>                        |            |
| 704,000        | Vale Overseas Ltd., 4.375%, due 1/11/2022             | 683,760    |
|                | <b>MACHINERY-CONSTRUCTION &amp; MINING - 0.7%</b>     |            |
| 681,000        | Joy Global Inc., 5.125%, due 10/15/2021               | 736,679    |
|                | <b>MEDIA - 0.7%</b>                                   |            |
| 700,000        | Dish DBS Corp., 5.875%, due 11/15/2024                | 675,500    |
|                | <b>MINING - 0.6%</b>                                  |            |
| 731,000        | Freeport-McMoRan Inc., 3.875%, due 3/15/2023          | 628,697    |
|                | <b>OIL &amp; GAS - 6.3%</b>                           |            |
| 696,000        | Continental Resources, Inc., 4.500%, due 4/15/2023    | 629,880    |
| 741,000        | CVR Refining LLC, 6.500%, due 11/1/2022               | 629,850    |
| 766,000        | Enesco PLC., 4.700%, due 3/15/2021                    | 651,100    |
| 698,000        | Murphy Oil Corp., 4.700%, due 12/1/2022               | 629,921    |
| 602,000        | PBF Holding Co LLC, 8.250%, due 2/15/2020             | 624,575    |
| 681,000        | Petrobras Global Finance BV., 4.875%, due 3/17/2020   | 663,369    |
| 720,000        | Petrobras Global Finance BV., 6.250%, due 3/17/2024   | 675,000    |
| 687,000        | QEP Resources Inc., 5.25%, due 5/1/2023               | 647,498    |
| 750,000        | Rowan Cos Inc., 4.875%, due 6/1/2022                  | 635,625    |
| 665,000        | Southwestern Energy Co., 6.700%, due 1/23/2025        | 645,050    |
|                |   | 6,431,868  |

**Arrow Dow Jones Global Yield ETF**  
**PORTFOLIO OF INVESTMENTS (Unaudited)(Continued)**  
**July 31, 2016**

| Principal (\$)                                     |   | Value      |
|--|---|------------|
| <b>PIPELINES - 2.6%</b>                            |   |            |
| 648,000  | Energy Transfer Equity LP., 5.875%, due 1/15/2024                 | \$ 650,002 |
| 657,000  | Genesis Energy Finance Corp., 6.750%, due 8/1/2022                | 661,928    |
| 594,000  | ONEOK, Inc., 7.500%, due 9/1/2023                                 | 650,430    |
| 706,000  | The Williams Cos, Inc., 4.550%, due 6/24/2024                     | 672,465    |
|  |   | 2,634,825  |
| <b>PRIVATE EQUITY - 0.6%</b>                       |   |            |
| 666,000  | Icahn Enterprises Finance Corp., 5.875%, due 2/1/2022             | 636,030    |
| <b>SOVEREIGN - 19.2%</b>                           |   |            |
| 100,000  | Brazilian Government International bond, 5.875%, due 1/15/2019    | 109,250    |
| 580,000  | Brazilian Government International bond, 4.875%, due 1/22/2021    | 615,670    |
| 757,000  | Brazilian Government International bond, 2.625%, due 1/5/2023     | 697,576    |
| 543,000  | Brazilian Government International bond, 4.250%, due 1/7/2025     | 536,755    |
| 665,000  | Brazilian Government International bond, 5.625%, due 1/7/2041     | 656,355    |
| 480,000  | Colombia Government International bond, 8.125%, due 5/21/2024     | 624,000    |
| 599,000  | Colombia Government International bond, 6.125%, due 1/18/2041     | 687,352    |
| 548,000  | Hungary Government International bond, 6.375%, due 3/29/2021      | 627,141    |
| 596,000  | Hungary Government International bond, 5.375%, due 2/21/2023      | 667,520    |
| 442,000  | Hungary Government International bond, 7.625%, due 3/29/2041      | 656,317    |
| 545,000  | Israel Government International bond, 4.500%, due 1/30/2043       | 610,749    |
| 595,000  | Mexico Government International bond, 3.625%, due 3/15/2022       | 628,320    |
| 597,000  | Mexico Government International bond, 4.000%, due 10/2/2023       | 642,372    |
| 602,000  | Mexico Government International bond, 4.750%, due 3/8/2044        | 644,140    |
| 499,000  | Panama Government International bond, 7.125%, due 1/29/2026       | 664,917    |
| 559,000  | Peruvian Government International bond, 4.125%, due 8/25/2027     | 620,490    |
| 575,000  | Peruvian Government International bond, 5.625%, due 11/18/2050    | 728,813    |
| 570,000  | Poland Government International bond, 5.000%, due 3/23/2022       | 653,363    |
| 561,000  | Poland Government International bond, 4.000%, due 1/22/2024       | 620,847    |
| 670,000  | Poland Government International bond, 3.250%, due 4/6/2026        | 704,693    |
| 550,000  | South Africa Government International bond, 5.500%, due 3/9/2020  | 597,476    |
| 625,000  | South Africa Government International bond, 5.875%, due 5/30/2022 | 703,594    |
| 699,000  | South Africa Government International bond, 4.665%, due 1/17/2024 | 735,502    |
| 507,000  | South Africa Government International bond, 5.875%, due 9/16/2025 | 575,293    |
| 637,000  | South Africa Government International bond, 6.250%, due 3/8/2041  | 761,584    |
| 360,000  | Spain Government Bond, 5.150%, due 10/31/2044, 144A               | 673,759    |
| 479,000  | Turkey Government International bond, 7.000%, due 3/11/2019       | 519,776    |
| 650,000  | Turkey Government International bond, 7.500%, due 11/7/2019       | 725,576    |
| 572,000  | Turkey Government International bond, 5.625%, due 3/30/2021       | 608,179    |
| 639,000  | Turkey Government International bond, 3.250%, due 3/23/2023       | 599,855    |
| 605,000  | Turkey Government International bond, 6.000%, due 1/14/2041       | 645,347    |
|  |   | 19,542,581 |
| <b>TELECOMMUNICATIONS - 0.7%</b>                   |   |            |
| 658,000  | CenturyLink, Inc., 5.800%, due 3/15/2022                          | 672,805    |
|  |   | 39,378,554 |
| <b>TOTAL BONDS &amp; NOTES (Cost \$36,655,636)</b> |   |            |

**Arrow Dow Jones Global Yield ETF**  
**PORTFOLIO OF INVESTMENTS (Unaudited)(Continued)**

July 31, 2016

| Shares     |   | Value            |
|------------|---|------------------|
|            | <b>COMMON STOCKS - 41.7%</b>                  |                  |
|            | <b>BANKS - 0.7%</b>                           |                  |
| 38,033     | National Australia Bank Ltd.                  | \$ 767,646       |
|            | <b>COMMERCIAL SERVICES - 0.8%</b>             |                  |
| 45,072     | RR Donnelley & Sons Co.                       | 807,690          |
|            | <b>ELECTRIC - 3.7%</b>                        |                  |
| 41,366     | CEZ AS  | 781,181          |
| 220,125    | EDP - Energias de Portugal SA                 | 755,574          |
| 44,251     | Engie SA                                      | 729,006          |
| 45,764     | Fortum OYJ                                    | 760,331          |
| 17,299,400 | Unipro PJSC                                   | 784,326          |
|            |   | <u>3,810,418</u> |
|            | <b>ELECTRONICS - 0.8%</b>                     |                  |
| 697,500    | Synnex Technology International Corp.         | 822,951          |
|            | <b>ENTERTAINMENT - 0.8%</b>                   |                  |
| 98,368     | OPAP SA                                       | 786,887          |
|            | <b>HOLDING COMPANIES - DIVERSIFIED - 0.7%</b> |                  |
| 182,400    | Keppel Corp Ltd.                              | 713,402          |
|            | <b>INSURANCE - 1.3%</b>                       |                  |
| 91,220     | Powszechny Zaklad Ubezpieczen SA              | 660,522          |
| 8,332      | Swiss Re AG                                   | 702,465          |
|            |   | <u>1,362,987</u> |
|            | <b>IRON/STEEL - 1.5%</b>                      |                  |
| 523,410    | Eregli Demir ve Celik Fabrikalari TAS         | 795,275          |
| 39,054     | Russel Metals, Inc.                           | 708,218          |
|            |   | <u>1,503,493</u> |
|            | <b>LODGING - 0.8%</b>                         |                  |
| 1,242,169  | SJM Holdings Ltd.                             | 774,665          |
|            | <b>MACHINERY - DIVERSIFIED - 0.7%</b>         |                  |
| 24,972     | Turk Traktor ve Ziraat Makineleri AS          | 697,010          |
|            | <b>MEDIA - 0.8%</b>                           |                  |
| 39,690     | Vivendi SA                                    | 780,865          |
|            | <b>MINING - 0.8%</b>                          |                  |
| 54,412     | MMC Norilsk Nickel PJSC- ARD                  | 795,503          |

**Arrow Dow Jones Global Yield ETF**  
**PORTFOLIO OF INVESTMENTS (Unaudited)(Continued)**

July 31, 2016

| Shares    |  | Value             |
|-----------|--|-------------------|
|           | <b>OIL &amp; GAS - 2.0%</b>                          |                   |
| 275,852   | SandRidge Permian Trust                              | \$ 700,664        |
| 114,354   | Surgutneftegas OJSC - ADR                            | 567,196           |
| 36,515    | Woodside Petroleum Ltd                               | 736,729           |
|           |  | <u>2,004,589</u>  |
|           | <b>REAL ESTATE - 1.3%</b>                            |                   |
| 149,879   | Argosy Property Ltd.                                 | 660,174           |
| 809,931   | Atrium European Real Estate Ltd.                     | 671,927           |
|           |  | <u>1,332,101</u>  |
|           | <b>REAL ESTATE INVESTMENT TRUSTS (REITS) - 19.1%</b> |                   |
| 63,792    | Artis Real Estate Investment Trust                   | 669,095           |
| 116,966   | Ashford Hospitality Trust                            | 697,117           |
| 9,704     | Befimmo SCA  | 659,444           |
| 239,350   | BWP Trust  | 697,158           |
| 1,610,800 | Cambridge Industrial Trust                           | 660,016           |
| 25,834    | Care Capital Properties, Inc.                        | 764,170           |
| 67,004    | CBL & Associates Properties, Inc.                    | 823,479           |
| 181,522   | Charter Hall Retail REIT                             | 664,008           |
| 5,281     | Cofinimmo SA   | 659,671           |
| 54,686    | Crombie Real Estate Investment Trust                 | 662,670           |
| 7,115     | Fonciere Des Regions                                 | 669,776           |
| 53,571    | Franklin Street Properties Corp.                     | 686,780           |
| 692,600   | Frasers Commercial Trust                             | 691,413           |
| 717,482   | Goodman Property Trust                               | 688,397           |
| 37,947    | H&R Real Estate Investment Trust                     | 677,937           |
| 23,527    | Hospitality Properties Trust                         | 750,747           |
| 195,469   | Investa Office Fund                                  | 680,836           |
| 629,548   | Kiwi Property Group Ltd.                             | 708,483           |
| 901,900   | Mapletree Logistics Trust                            | 708,861           |
| 29,418    | Mercialys SA   | 687,879           |
| 1,653,957 | Prosperity REIT                                      | 737,375           |
| 1,897,632 | SA Corporate Real Estate Fund Nominees Pty Ltd.      | 765,180           |
| 32,532    | Senior Housing Properties Trust                      | 722,536           |
| 1,122,600 | Starhill Global REIT                                 | 669,061           |
| 522,000   | Suntec Real Estate Investment Trust                  | 649,438           |
| 15,112    | Vastned Retail NV                                    | 634,531           |
| 13,180    | Wereldhave NV  | 638,198           |
| 58,785    | WP Glimcher, Inc.                                    | 745,394           |
|           |  | <u>19,469,650</u> |

**Arrow Dow Jones Global Yield ETF**  
**PORTFOLIO OF INVESTMENTS (Unaudited)(Continued)**

July 31, 2016

| Shares    |  | Value      |
|-----------|--|------------|
|           | <b>TELECOMMUNICATIONS - 5.2%</b>               |            |
| 25,602    | CenturyLink, Inc.                              | \$ 804,927 |
| 79,336    | Mobile TeleSystems PJSC-ADR                    | 705,297    |
| 539,410   | Orange Polska SA                               | 746,545    |
| 297,521   | Spark New Zealand Ltd.                         | 846,722    |
| 178,940   | Telstra Corp Ltd.                              | 785,204    |
| 347,274   | Turk Telekomunikasyon AS                       | 701,986    |
| 67,096    | VTech Holdings Ltd.                            | 729,239    |
|           |  | 5,319,920  |
|           | <b>TRANSPORTATION - 0.7%</b>                   |            |
| 1,368,900 | Wan Hai Lines Ltd.                             | 706,877    |
|           |  | 42,456,654 |
|           | <b>TOTAL COMMON STOCKS (Cost \$43,763,235)</b> |            |
|           | <b>MASTER LIMITED PARTNERSHIPS - 18.3%</b>     |            |
|           | <b>CHEMICALS - 0.6%</b>                        |            |
| 86,898    | CVR Partners LP                                | 635,224    |
|           | <b>COAL - 3.8%</b>                             |            |
| 34,586    | Alliance Holdings GP LP                        | 879,868    |
| 425,660   | Foresight Energy LP                            | 1,064,150  |
| 42,429    | Natural Resource Partners LP                   | 1,034,419  |
| 64,504    | SunCoke Energy Partners LP                     | 924,987    |
|           |  | 3,903,424  |
|           | <b>COMMERCIAL SERVICES - 0.7%</b>              |            |
| 28,434    | Stonemor Partners LP                           | 749,805    |
|           | <b>GAS - 0.7%</b>                              |            |
| 50,566    | Global Partners LP                             | 682,641    |
|           | <b>OIL &amp; GAS - 6.0%</b>                    |            |
| 72,670    | Alon USA Partners LP                           | 710,713    |
| 144,621   | Calumet Specialty Products Partners LP         | 681,165    |
| 85,741    | CVR Refining LP                                | 550,457    |
| 270,256   | EV Energy Partners LP                          | 659,425    |
| 372,230   | Legacy Reserves LP                             | 643,958    |
| 375,706   | Memorial Production Partners LP                | 571,073    |
| 127,224   | Seadrill Partners LLC                          | 530,524    |
| 21,391    | Suburban Propane Partners LP                   | 729,005    |
| 582,629   | Vanguard Natural Resources LLC                 | 1,019,601  |
|           |  | 6,095,921  |
|           | <b>OIL &amp; GAS SERVICES - 0.7%</b>           |            |
| 50,868    | Archrock Partners LP                           | 721,817    |



**Arrow Dow Jones Global Yield ETF**  
**PORTFOLIO OF INVESTMENTS (Unaudited)(Continued)**

July 31, 2016

| Shares  |  | Value          |
|---------|--|----------------|
|         | <b>PIPELINES - 2.1%</b>                                      |                |
| 56,322  | American Midstream Partners LP                               | \$ 676,990     |
| 33,584  | Crestwood Equity Partners LP                                 | 743,886        |
| 14,304  | NuStar Energy LP   | 717,346        |
|         |  | 2,138,222      |
|         | <b>RETAIL - 0.8%</b>   |                |
| 40,999  | Ferrellgas Partners LP                                       | 806,860        |
|         | <b>TRANSPORTATION - 2.9%</b>                                 |                |
| 232,042 | Capital Product Partners LP                                  | 874,798        |
| 38,650  | Golar LNG Partners LP  | 738,215        |
| 30,045  | Martin Midstream Partners LP                                 | 674,811        |
| 121,599 | Teekay Offshore Partners LP                                  | 677,306        |
|         |  | 2,965,130      |
|         | <b>TOTAL MASTER LIMITED PARTNERSHIPS</b> (Cost \$21,313,402) | 18,699,044     |
|         | <b>TOTAL INVESTMENTS - 98.7%</b> (Cost \$101,732,273)(a)     | \$ 100,534,252 |
|         | <b>OTHER ASSETS LESS LIABILITIES - 1.3%</b>                  | 1,346,119      |
|         | <b>NET ASSETS - 100.0%</b>                                   | \$ 101,880,371 |

(a) Represents cost for financial reporting purposes. Aggregate cost for Federal tax purposes is \$113,418,090 and differs from value by net unrealized appreciation (depreciation) of securities as follows:

|                              |                 |
|------------------------------|-----------------|
| Unrealized Appreciation:     | \$ 8,096,015    |
| Unrealized Depreciation:     | (20,979,853)    |
| Net Unrealized Depreciation: | \$ (12,883,838) |

+ Variable rate security; the rate shown represents the rate at July 31, 2016.

144A - Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may not be resold subject to that rule, except to qualified institutional buyers. At July 31, 2016 144A securities amounted to \$1,015,970 or 0.7% of net assets.

\* Non-income producing security.

ADR - American Depositary Receipt

LLC - Limited Liability Corporation

LP - Limited Partnership

PLC - Public Limited Company

REIT - Real Estate Investment Trust

**Arrow Dow Jones Global Yield ETF**  
**STATEMENT OF ASSETS AND LIABILITIES (Unaudited)**  
July 31, 2016

**ASSETS**

|                                   |                           |
|-----------------------------------|---------------------------|
| Investment securities:            |                           |
| At cost                           | \$ 101,732,273            |
| At value                          | <u>\$ 100,534,252</u>     |
| Cash                              | 107,009                   |
| Foreign cash (cost \$264,986)     | 209,051                   |
| Dividends and interest receivable | 1,052,464                 |
| <b>TOTAL ASSETS</b>               | <u><u>101,902,776</u></u> |

**LIABILITIES**

|                                  |               |
|----------------------------------|---------------|
| Investment advisory fees payable | 22,405        |
| <b>TOTAL LIABILITIES</b>         | <u>22,405</u> |

**NET ASSETS**

\$ 101,880,371

**Net Assets Consist Of:**

|  |                |
|--|----------------|
| Paid in capital  | \$ 165,358,800 |
| Undistributed net investment loss  | (146,652)      |
| Accumulated net realized loss from investments and foreign currency transactions | (62,132,275)   |
| Net unrealized depreciation of investments and foreign currency translations     | (1,199,502)    |

**NET ASSETS**

\$ 101,880,371

**Net Asset Value Per Share:**

|  |                        |
|--|------------------------|
| Net Assets   | \$ 101,880,371         |
| Shares of beneficial interest outstanding (\$0 par value, unlimited shares authorized) | <u>5,325,000</u>       |
| Net asset value (Net Assets ÷ Shares Outstanding)                                      | <u><u>\$ 19.13</u></u> |

**Arrow Dow Jones Global Yield ETF**  
**STATEMENT OF OPERATIONS (Unaudited)**  
For the Six Months Ended July 31, 2016

|  |                             |
|--|-----------------------------|
| <b>INVESTMENT INCOME</b>   |                             |
| Dividends (net of foreign withholding tax of \$164,014)                        | \$ 2,546,220                |
| Interest   | 1,256,218                   |
| <b>TOTAL INVESTMENT INCOME</b>   | <u>3,802,438</u>            |
| <b>EXPENSES</b>  |                             |
| Investment advisory fees   | 350,744                     |
| <b>TOTAL EXPENSES</b>  | <u>350,744</u>              |
| <b>NET INVESTMENT INCOME</b>   | <u>3,451,694</u>            |
| <b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY</b> |                             |
| Net realized loss on:  |                             |
| In-kind redemptions  | (44,309)                    |
| Investments  | (9,328,214)                 |
| Foreign currency transactions  | (1,436,846)                 |
|  | <u>(10,809,369)</u>         |
| Net change in unrealized appreciation on:                                      |                             |
| Investments  | 25,581,842                  |
| Foreign currency translations  | 20,154                      |
|  | <u>25,601,996</u>           |
| <b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY</b>    | <u>14,792,627</u>           |
| <b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>                    | <u><u>\$ 18,244,321</u></u> |

**Arrow Dow Jones Global Yield ETF**  
**STATEMENTS OF CHANGES IN NET ASSETS**

|  | <b>For the<br/>Six Months Ended<br/>July 31, 2016<br/>(Unaudited)</b> | <b>For the Year<br/>Ended<br/>January 31, 2016</b> |
|--|---|--|
| <b>FROM OPERATIONS</b>   |   |  |
| Net investment income  | \$ 3,451,694  | \$ 12,355,286                                      |
| Net realized loss on investments<br>and foreign currency transactions                                    | (10,809,369)  | (50,308,988)                                       |
| Net change in unrealized appreciation (depreciation) on investments<br>and foreign currency translations | 25,601,996  | (13,456,937)                                       |
| Net increase (decrease) in net assets resulting from operations  | <u>18,244,321</u>   | <u>(51,410,639)</u>                                |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>   |   |  |
| From net investment income   | (3,918,803)   | (10,722,166)                                       |
| From return of capital   | -   | (3,319,252)  |
| Net decrease in net assets resulting from distributions to shareholders                                  | <u>(3,918,803)</u>  | <u>(14,041,418)</u>                                |
| <b>FROM SHARES OF BENEFICIAL INTEREST</b>  |   |  |
| Proceeds from shares sold  | 2,767,348   | 74,724,145   |
| Cost of shares redeemed  | (2,522,840)   | (82,320,467)                                       |
| Net increase (decrease) in net assets resulting from shares of beneficial interest                       | <u>244,508</u>  | <u>(7,596,322)</u>                                 |
| <b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>   | 14,570,026  | (73,048,379)                                       |
| <b>NET ASSETS</b>  |   |  |
| Beginning of Period  | 87,310,345  | 160,358,724  |
| End of Period*   | <u>\$ 101,880,371</u>   | <u>\$ 87,310,345</u>                               |
| *Includes undistributed net investment income (loss) of:   | <u>\$ (146,652)</u>   | <u>\$ 320,457</u>                                  |
| <b>SHARE ACTIVITY</b>  |   |  |
| Shares sold  | 150,000   | 3,000,000  |
| Shares redeemed  | (150,000)   | (4,275,000)  |
| Net decrease in shares of beneficial interest outstanding  | <u>-</u>  | <u>(1,275,000)</u>                                 |

## Arrow Dow Jones Global Yield ETF

### FINANCIAL HIGHLIGHTS

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

|  | For the Six Months Ended<br>July 31, 2016<br>(Unaudited) | For the Year<br>Ended<br>January 31, 2016 | For the Year<br>Ended<br>January 31, 2015 | For the Year<br>Ended<br>January 31, 2014 | For the Period<br>Ended<br>January 31, 2013 (1) |
|--|--|---|---|---|---|
| Net asset value, beginning of period   | \$ 16.40   | \$ 24.30                                  | \$ 25.70                                  | \$ 26.79                                  | \$ 25.00  |
| Activity from investment operations:   |  |   |   |   |   |
| Net investment income (2)  | 0.65   | 1.53                                      | 1.52                                      | 1.51                                      | 1.02  |
| Net realized and unrealized<br>gain (loss) on investments and foreign currency | 2.82   | (7.71)                                    | (1.03)                                    | (1.00)                                    | 1.85  |
| Total from investment operations   | 3.47   | (6.18)                                    | 0.49                                      | 0.51                                      | 2.87  |
| Less distributions from:   |  |   |   |   |   |
| Net investment income  | (0.74)   | (1.25)                                    | (1.43)                                    | (1.23)                                    | (1.00)  |
| Net realized gains   | -  | -   | -   | -   | (0.08)  |
| Return of capital  | -  | (0.47)                                    | (0.46)                                    | (0.37)                                    | -   |
| Total distributions  | (0.74)   | (1.72)                                    | (1.89)                                    | (1.60)                                    | (1.08)  |
| Net asset value, end of period   | \$ 19.13   | \$ 16.40                                  | \$ 24.30                                  | \$ 25.70 (8)                              | \$ 26.79 (8)                                    |
| Total return (6)(8)  | 21.71% (4)   | (26.97)%                                  | 1.57%                                     | 1.94%                                     | 11.87% (4)(7)                                   |
| Net assets, at end of period (000s)  | \$ 101,880   | \$ 87,310                                 | \$ 160,359                                | \$ 94,447                                 | \$ 34,158                                       |
| Ratio of gross expenses to average<br>net assets                               | 0.75% (3)  | 0.75%                                     | 0.75%                                     | 0.75%                                     | 0.90% (3)                                       |
| Ratio of net expenses to average<br>net assets                                 | 0.75% (3)  | 0.75%                                     | 0.75%                                     | 0.75%                                     | 0.75% (3)                                       |
| Ratio of net investment income<br>to average net assets                        | 7.41% (3)  | 6.97%                                     | 5.73%                                     | 5.78%                                     | 5.42% (3)                                       |
| Portfolio Turnover Rate (5)  | 45% (4)  | 90%                                       | 87%                                       | 61%                                       | 46% (4)   |

(1) The Arrow Dow Jones Global Yield ETF shares commenced operations on May 2, 2012.

(2) Per share amounts calculated using the average shares method, which more appropriately presents the per share data for each 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. (Note 5)

(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.

(7) Represents total return based on net asset values per share from commencement of investment operations on May 2, 2012 through January 31, 2013. Total return based on net asset values per share from commencement of trading on the NYSE Arca on May 8, 2012 to January 31, 2013 was 14.05%.

(8) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and, consequently, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset values and returns for shareholder transactions.

# **ARROW DOW JONES GLOBAL YIELD ETF**

## **NOTES TO FINANCIAL STATEMENTS (Unaudited)**

**July 31, 2016**

### **I. ORGANIZATION**

The Arrow Dow Jones Global Yield ETF (the “Fund”) is a diversified series of shares of beneficial interest of Arrow ETF Trust, (formerly Northern Lights ETF Trust) (the “Trust”), a statutory trust organized under the laws of the State of Delaware on August 29, 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 investment results that generally correspond (before fees and expenses) to the price and yield performance of the Dow Jones Global Yield Index (the “Index”). The investment objective is non-fundamental. The Fund commenced operation on May 2, 2012.

### **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 Trust’s 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.

**ARROW DOW JONES GLOBAL YIELD ETF**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)(Continued)**  
**July 31, 2016**

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 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 Dow Jones Global Yield ETF**

| Assets *                    | Level 1       | Level 2       | Level 3 | Total          |
|-----------------------------|---------------|---------------|---------|----------------|
| Common Stocks               | \$ 42,456,654 | \$ -          | \$ -    | \$ 42,456,654  |
| Master Limited Partnerships | 18,699,044    | -             | -       | 18,699,044     |
| Bonds & Notes               | -             | 39,378,554    | -       | 39,378,554     |
| Total                       | \$ 61,155,698 | \$ 39,378,554 | \$ -    | \$ 100,534,252 |

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 3 securities during the period.

\* See Portfolio of Investments for industry classification.

**ARROW DOW JONES GLOBAL YIELD ETF**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)(Continued)**  
**July 31, 2016**

**Security transactions and related income** – Security transactions are accounted for on 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 monthly. 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. Monthly distributions in excess of ordinary taxable income are treated as returns of capital. 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 2013 – 2015 tax returns or expected to be taken in the Fund’s 2016 tax returns. The Fund identified its major tax jurisdictions as U.S. Federal, Nebraska 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.

**Foreign Currency** – The accounting records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency, and income receipts and expense payments are translated into U.S. dollars using the prevailing exchange rate at the London market close. Purchases and sales of securities are translated into U.S. dollars at the contractual currency rates established at the approximate time of the trade. Net realized gains and losses on foreign currency transactions represent net gains and losses from currency realized between the trade and settlement dates on securities transactions, gains and losses on the purchase and sale of foreign currencies and the difference between income accrued versus income received. The effects of changes in foreign currency exchange rates on investments in securities are included with the net realized and unrealized gain or loss on investment securities.

**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,



**ARROW DOW JONES GLOBAL YIELD ETF**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)(Continued)**  
**July 31, 2016**

based on experience, the risk of loss due to these warranties and indemnities appears to be remote.

**3. INVESTMENT TRANSACTIONS**

For the six months ended July 31, 2016, cost of purchases and proceeds from sales of portfolio securities (excluding in-kind transactions and short-term investments), amounted to \$43,543,791 and \$42,122,693, respectively.

For the six months ended July 31, 2016, cost of purchases and proceeds from sales of portfolio securities for in-kind transactions, amounted to \$0 and \$1,460,470, 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 Adviser (the "Adviser") 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 Adviser, 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 Adviser, the Fund pays the Adviser a unitary management fee, computed and accrued daily and paid monthly, at an annual rate of 0.75% of the Fund's average daily net assets.

The Adviser's unitary management fee is designed to pay the Fund's expenses and to compensate the Adviser for providing service for the Fund. Out of the unitary management fee, the Adviser pays substantially all expenses of the Fund, including the costs of transfer agency, custody, fund administration, legal, audit and other services, acquired fund fees and expenses, and Independent Trustees' fees, except for payments under each Fund's 12b-1 plan, brokerage expenses, taxes, interest (including borrowing costs and dividend expenses on securities sold short), litigation expense and other extraordinary expenses (including litigation to which the Trust or the Fund may be a party and indemnification of the Trustees and officers with respect thereto). The Adviser, and not the Fund's shareholders, would benefit from any reduction in fees paid for third-party services, including reductions based on increases in net assets.

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

**ARROW DOW JONES GLOBAL YIELD ETF**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)(Continued)**  
**July 31, 2016**

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.

**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 75,000 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:

|      | <b>Fixed Fee</b> | <b>Variable Charge</b> |
|------|------------------|------------------------|
| Fund | \$3,170          | 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 years was as follows:

|                        | Fiscal Year Ended<br>January 31, 2016 | Fiscal Year Ended<br>January 31, 2015 |
|------------------------|---------------------------------------|---------------------------------------|
| Ordinary Income        | \$ 10,722,166                         | \$ 7,777,222                          |
| Long-Term Capital Gain | -                                     | 148,174                               |
| Return of Capital      | 3,319,252                             | 2,891,072                             |
|                        | <u>\$ 14,041,418</u>                  | <u>\$ 10,816,468</u>                  |

**ARROW DOW JONES GLOBAL YIELD ETF**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)(Continued)**  
**July 31, 2016**

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

| Undistributed Ordinary Income | Undistributed Long-Term Gains | Capital Loss Carry Forwards | Other Book/Tax Differences | Post October Loss and Late Year Loss | Unrealized Appreciation/ (Depreciation) | Total Accumulated Earnings/(Deficits) |
|-------------------------------|-------------------------------|-----------------------------|----------------------------|--------------------------------------|---|---------------------------------------|
| \$ -                          | \$ -                          | \$(16,515,970)              | \$ -                       | \$ (22,800,662)                      | \$ (38,487,315)                         | \$ (77,803,947)                       |

The difference between book basis and tax basis unrealized depreciation, accumulated net investment income (loss) and accumulated net realized loss from investments and foreign currency transactions is primarily attributable to the tax deferral of losses on wash sales, mark-to-market on passive foreign investment companies, and tax adjustments for real estate investment trusts, partnerships and C-Corporation return of capital distributions.

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 \$22,800,662.

At January 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         |
|-------------------------|------------------------|---------------|
| \$ 6,423,610            | \$ 10,092,360          | \$ 16,515,970 |

Permanent book and tax differences, primarily attributable to the book/ tax basis treatment of foreign currency gains and tax adjustments for passive foreign investment companies, real estate investment trusts, royalty trusts, partnerships, realized gain (loss) on in-kind redemptions, and C-Corporation return of capital distributions, resulted in reclassification for the year ended January 31, 2016 as follows:

| Paid In Capital | Undistributed Net Investment Income | Accumulated Net Realized Loss From Investments And Foreign Currency Transactions |
|-----------------|-------------------------------------|--|
| \$ (3,011,331)  | \$ (1,946,757)                      | \$ 4,958,088   |

**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

**ARROW DOW JONES GLOBAL YIELD ETF**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)(Continued)**  
**July 31, 2016**

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 statements 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 statement 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. Subsequent events after the date of the Statement of Assets and Liabilities have been evaluated through the date the financial statements were issued.

Distributions: The Fund's Board of Trustees declared the following distributions after July 31, 2016:

| <b>Fund</b>                      | <b>Distribution Per Share</b> | <b>Record Date</b> | <b>Payable Date</b> |
|----------------------------------|-------------------------------|--------------------|---------------------|
| Arrow Dow Jones Global Yield ETF | \$0.1340                      | 8/18/2016          | 8/23/2016           |
| Arrow Dow Jones Global Yield ETF | \$0.1095                      | 9/20/2016          | 9/26/2016           |

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

**Arrow Dow Jones Global Yield 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 a unitary management fee 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<br>Account Value<br>2/1/16 | Ending<br>Account Value<br>7/31/16 | Expenses Paid<br>During Period*<br>2/1/16– 7/31/16 | Expenses Ratio<br>During Period**<br>2/1/16 – 7/31/16 |
|---|--------------------------------------|------------------------------------|--|---|
| Actual                                      | \$ 1,000.00                          | \$ 1,217.10                        | \$ 4.13  | 0.75%   |
| Hypothetical<br>(5% return before expenses) | \$ 1,000.00                          | \$ 1,021.13                        | \$ 3.77  | 0.75%   |

\*Expenses are equal to the average account value over the period, multiplied by the Fund’s annualized expense ratio, multiplied by the number of days in the period (182) divided by the number of days in the fiscal year (366).

\*\* Annualized.

## ***PRIVACY NOTICE***

### **FACTS WHAT DOES ARROW ETF 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 depend on the product or service you have with us. This information can include:

- Social Security number
- Assets
- Retirement Assets
- Transaction History
- Checking Account Information
- Purchase History
- Account Balances
- Account Transactions
- Wire Transfer Instructions

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 ETF Trust chooses to share; and whether you can limit this sharing.

| <b>Reasons we can share your personal information</b>   | <b>Does Arrow ETF Trust share?</b> | <b>Can you limit this sharing?</b> |
|---|------------------------------------|------------------------------------|
| <b>For our everyday business purposes</b> – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus | Yes                                | No                                 |
| <b>For our marketing purposes</b> – to offer our products and services to you   | No                                 | We don't share                     |
| <b>For joint marketing with other financial companies</b>   | No                                 | We don't share                     |
| <b>For our affiliates' everyday business purposes</b> – information about your transactions and experiences   | No                                 | We don't share                     |
| <b>For our affiliates' everyday business purposes</b> – information about your creditworthiness   | No                                 | We don't share                     |
| <b>For nonaffiliates to market to you</b>   | No                                 | We don't share                     |

**Questions?** Call 1-877-277-6933

**Who we are**

**Who is providing this notice?** Arrow ETF Trust

### What we do

**How does Arrow ETF Trust protect my personal information?** 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.

Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.

**How does Arrow ETF Trust collect my personal information?** We collect your personal information, for example, when you

- Open an account
- Provide account information
- Give us your contact information
- Make deposits or withdrawals from your account
- Make a wire transfer
- Tell us where to send the money
- Tells us who receives the money
- Show your government-issued ID
- Show your driver's license

We also collect your personal information from other companies.

**Why can't I limit all sharing?**

Federal law gives you the right to limit only

- 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

State laws and individual companies may give you additional rights to limit sharing.

### Definitions

**Affiliates** Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Arrow ETF Trust does not share with our affiliates.*

**Nonaffiliates** Companies not related by common ownership or control. They can be financial and nonfinancial companies

- *Arrow ETF Trust does not share with nonaffiliates so they can market to you.*

**Joint marketing** A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Arrow ETF Trust does not jointly market.*

### **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**

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