

ARROW DWA BALANCED FUND

TACTICAL APPROACH FOR BROAD MARKET EXPOSURE

Highlights

- Provides broad diversification across sectors, styles, international countries, fixed income and alternative assets with ETF instruments
- Gives access to the technical analysis expertise of Dorsey Wright & Associates
- Seeks absolute returns from a moderate tactical allocation strategy
- Core strategy with a strict relative strength buy and sell discipline

Objective

Seeks to achieve an appropriate balance between long-term capital appreciation and capital preservation

Investment Time Horizon

At least 3-5 years

Fund Type

Asset Allocation

Portfolio Manager

Dorsey Wright & Associates

Minimum Investment:

- \$5,000 non-qualified account
- \$2,000 retirement account
- \$250 subsequent investments

CLASS SYMBOL CUSIP
A-Shares DWAFX 66537T802
C-Shares DWATX 66537T885



TARGETING PORTFOLIO SOLUTIONS

Diversification Across Market Segments

The Arrow DWA Balanced Fund is a “Fund of Funds,” which primarily invests in exchange traded funds (ETFs) allocated across four market segments: U.S. Equities, International Equities, Fixed Income and Alternative Assets. Managed by Dorsey Wright & Associates (DWA), the fund relies on their proprietary technical analysis based on relative strength.

- Technical analysis is the process of analyzing a security’s historical prices to help identify market patterns.
- This methodology does not attempt to predict the future; it allows the Fund to be extremely adaptive to current market conditions.
- DWA relies on intermediate-term relative strength comparisons to make their portfolio allocation decisions

Exposure to Multiple Rotation Strategies

The fund implements a proprietary tactical asset allocation model using five distinct rotation strategies by overweighting the strategies exhibiting positive relative strength and underweighting those exhibiting negative relative strength. Below is a description of each rotation strategy, including minimum and maximum exposures and the estimated number of ETF holdings:

Strategy	Goal	Min	Max
Sector Rotation	Seeks to provide exposure to leading U.S. sectors using approximately 3 ETFs.	7.5%	47.5%
Style Rotation	Seeks to provide exposure to leading U.S. styles (size, value and growth) using approximately 2 ETFs.	7.5%	47.5%
International Rotation	Seeks to provide exposure to leading international countries using approximately 5 ETFs.	10%	40%
Fixed Income Rotation	Seeks to provide exposure to leading fixed income assets using approximately 2 ETFs.	25%	65%
Alternative Rotation	Seeks to provide exposure to instruments historically non-correlated to equity or fixed income investments using approximately 2 ETFs.	10%	40%

Adaptive to Changing Market Conditions

Relative strength analysis is also used within each rotation strategy to systematically identify the leading underlying components on an ongoing basis. The following table highlights a sample of the broad universe of asset class exposure that could be used within each strategy:

Sector Rotation	Style Rotation	International Rotation	Fixed Income Rotation	Alternative Rotation
Basic Materials	Large Cap Growth	Australia	Aggregate Bonds	Commodities:
Consumer Goods	Large Cap Value	Austria	Corporate Debt:	Aggregated
Consumer Services	Mid Cap Growth	Belgium	Short-Term	Agriculture
Energy	Mid Cap Value	Brazil	Intermediate-Term	Energy
Financial Services	Small Cap Growth	Canada	Long-Term	Industrial Metals
Healthcare	Small Cap Value	China	Govt. Agency Bonds	Precious Metals
Industrials		France	U.S. Treasuries	Softs
Technology		Germany	T-Bills	Currencies
Telecom		Hong Kong	Notes	REITs
Utilities		Italy	Govt. Bonds	TIPS
		Japan		
		UK		

Standard deviation is a statistical measurement of volatility based on historical returns. **Correlation** measures how closely two securities' movements are associated, ranging from 1.0 (highly correlated) to -1.0 (inversely correlated).

This fund may not be suitable for all investors. The fund may invest in commodity related securities, which may be subject to greater volatility than investments in traditional securities. The fund may invest in international and emerging market securities, which may be subject to special risks including fluctuations in currency, government regulation, differences in accounting standards and liquidity. Investing in small-cap securities may have special risks, including wider variations in earnings and business prospects than larger, more established companies. The fund may invest in real estate related securities, which may be subject to mortgage-related risks and real estate market fluctuations. The fund may invest in fixed-income securities, which are subject to risks including interest rate, credit and inflation. The fund is nondiversified as there are a limited number of underlying funds available and each holding has the potential for a greater impact on the return. However, the underlying funds have access to a wide array of investments providing the additional diversification benefits discussed in the prospectus. Diversification does not assure a profit or protect against loss in a declining market. Portfolio holdings are subject to change and should not be considered investment advice.

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

0055-NLD-1/11/2010



TARGETING PORTFOLIO SOLUTIONS

ARROW DWA BALANCED FUND

PORTFOLIO STATISTICS AS OF 12/31/2009

Fund Performance

Class	YTD	Three Month	Annualized			Since Inception	
			One Year	Three Year	Inception 8/7/06	Standard Deviation	Correlation (vs S&P 500)
A-Shares	17.33%	3.13%	17.33%	0.23%	2.79%	15.76%	0.84
C-Shares	16.30%	2.86%	16.30%	-0.55%	2.00%	15.71%	0.84
Benchmark	18.37%	3.94%	18.37%	0.23%	2.66%	14.89%	0.99
S&P 500	26.46%	6.04%	26.46%	-5.63%	-1.74%	28.20%	1.00

Past performance does not guarantee future results. For periods less than one year, performance is not annualized. The performance data quoted represents past performance at net asset value and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please call 1-877-277-6933. Standard deviation and correlation are calculated since the Fund's inception. The maximum sales charge for A-Shares is 5.75% and may be eligible for a reduction in sales charges. The Fund charges a fee of 1.00% on redemptions of shares held less than 30 days. Total fund expenses are 1.93% for A-Shares and 2.69% for C-Shares. The net operating expenses are 1.57% for A-Shares and 2.33% for C-Shares, plus acquired fund fees of 0.36%.

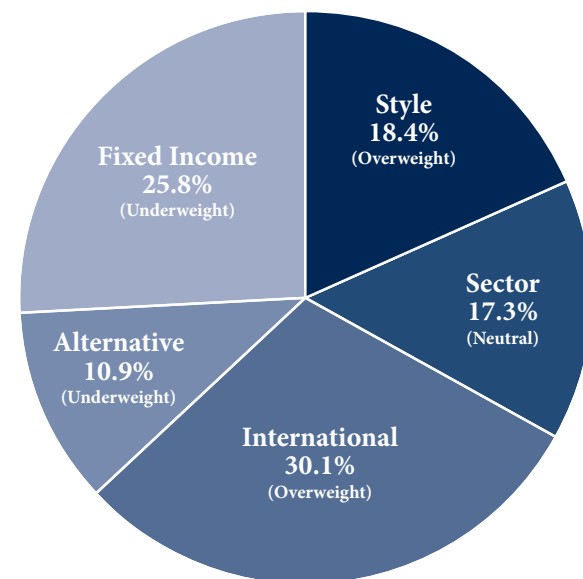
Benchmark: A blend of 60% S&P 500 Index, a widely known broad market index composed of 500 common stocks, and 40% Barclays Capital U.S. Aggregate Bond Index composed of investment-grade fixed income securities. The indexes are unmanaged, do not include fees and are not available for investment.

Strategy Performance Analysis

Rotation Strategy	Three Month	One Year	Inception 8/7/06
Style	4.26%	32.86%	-3.83%
Sector	6.96%	25.39%	-1.34%
International	4.82%	34.52%	3.42%
Alternative	5.71%	16.48%	7.30%
Fixed Income	-1.27%	-3.00%	4.62%

*Periods of one year or more are annualized.

Portfolio Allocation



Holdings

Style

9.31%	VANGUARD SM-CAP GROWTH
9.11%	VANGUARD MID-CAP VALUE

Sector

5.05%	ISHARES DJ US TECHNOLOGY
4.85%	ISHARES DJ US CONSMR GOODS
4.83%	ISHARES DJ US CONSMER SERV

International

6.16%	ISHARES MSCI SINGAPORE
6.09%	ISHARES MSCI SOUTH AFRICA
6.05%	ISHARES MSCI AUSTRALIA
6.05%	ISHARES MSCI MALAYSIA
5.80%	ISHARES FTSE/XINHUA CHINA 25

Alternative

6.47%	PWRSHARES DB GOLD FUND
4.47%	PWRSHARES DB G10 CURR HARV

Fixed Income

12.83%	ISHARES LEHMAN 7-10YR TREAS
12.12%	VANGUARD SHORT-TERM BOND
0.82%	HIGHMARK TREAS PLUS MM

For additional information, visit our web site at www.arrowfunds.com