

Jim McGovern
CEO

Arrow Capital Management Inc.



- **Year launched firm:** 2000
- **Number of employees at launch:** 3
- **Number of employees today:** 34
- **Number of funds at launch:** 1
- **Number of funds today:** 10
- **Strategies managed:** 10
- **Investor channels covered today:** Retail, High Net Worth and Institutional
- **Firm prior to launching current business:** BPI Mutual Funds

1 Why did you decide to launch your business?

We launched Arrow Capital Management Inc. in 2000. We launched the firm because we felt there was a great opportunity to bring more alternative investments to Canadian investors.

2 What does it take to succeed in Canada as an alternative manager?

Three main things: 1) ability to manage a business, 2) set up sound operational and governance policies, 3) Generate strong risk adjusted returns over a market cycle.

3 Tell us about your growth story. Any early-day struggles or success stories that stand out in your mind?

Our success story is that we grew from modest seed capital to managing over \$1B AUM for investors globally by 2007. Looking back to the early days of 2000, it was more challenging to find high net worth investors who were familiar with alternative investments, so a lot of education was required in the early years.

4 What are you most proud of looking back at your entrepreneurial journey?

We are most proud of the being involved early in educating investors on the benefits of alternative investments.

5 What has been the hardest part of your entrepreneurial journey?

The hardest part was going through the Great Financial Crisis of 2008.

6 What are your 3-5 year goals for your business as you look ahead?

We would like to double our assets within the next 3 to 5 years by continuing to generate good risk adjusted returns for our investors.

7 How do you think about diversity, equity and inclusion at your firm?

We have always had a diverse team with varying backgrounds. This has helped us navigate through various investment cycles.

8 What wisdom do you have now that you wish you knew at launch?

It always takes a bit longer than you think to reach critical mass and sustained profitability.

9 What sort of talent are you looking for in your team?

We look at trying to blend experience and emerging talent that can help bring a fresh perspective and new ideas to the business. It is important that we hire people that have good character, are hardworking and who work well in a team-based environment.

10 How do you think about innovation at your firm?

We are always looking for ways to improve all aspects of our business, whether that is through technology or through the hiring new talent.

11 Why is it important that Canada support alternative managers?

It is important for Canada to continue to support alternative managers to keep the industry competitive and to give investors multiple options.

12 What makes Canada a great place to invest and start a business?

There is a good legal system in place, as well as strong financial institutions and a highly educated talent pool.

13 What headwinds do you see in Canada to grow the alternative investment management industry?

Headwinds could be the size of the Canadian market relative to the U.S. market and potentially the higher cost to do business relative to other countries.

14 What advice do you have for others considering launching a fund business in Canada?

Make sure the business is well capitalized from the start and come with investment products that are not already oversaturated. Stay focused on your area of expertise.

15 How can Canada better support alternative managers?

One way would be to reduce the regulatory and tax burden on small businesses.

16 How has being an AIMA member benefited your firm's growth journey?

Arrow was involved in the early days, helping set up AIMA in Canada. We believe that being a member of AIMA has strongly benefitted investment managers, investors and other stakeholders.