

EXEMPLAR GROWTH AND INCOME FUND

commentary – Week ending August 8, 2025



August 8th 2025 Asset Allocation: 8.8% cash; 18.5% bonds; 5.1% commodities and 62.1% equities*; 24.8% \$US

August 1st 2025 Asset Allocation: 7.1% cash; 18.8% bonds; 5.1% commodities and 61.4% equities*; 25.8% \$US

*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	-0.31%	+5.49%
iShares Core Canada Bond Index ETF	+0.21%	+1.10%
Gold (GLD ETF)	+1.27%	+29.29%
USD/CAD	-0.21%	-4.36%
ACWI (ETF)	+2.76%	+13.08%
S&P 500 (SPX ETF)	+2.48%	+9.36%
Nasdaq (QQQ ETF)	+3.73%	+12.67%
S&P/TSX (XIU ETF)	+2.90%	+13.19%
EGIF – Series FD	+0.99%	+6.18%
EGGIF – Series FD	+1.63%	+5.51%

August 1, 2025 to August 8, 2025

Quad Forecast	3Q25E	4Q25E	1Q26E
Canada	Quad 2 (GDP ↑, Inflation ↑)	Quad 3 (GDP ↓, Inflation ↑)	Quad 1 (GDP ↑, Inflation ↓)
United States	Quad 3 (GDP ↓, Inflation ↑)	Quad 2 (GDP ↑, Inflation ↑)	Quad 1 (GDP ↑, Inflation ↓)

The U.S. services sector continues to show strength, with the S&P Global U.S. Services PMI rising to 55.7 in July—its highest level this year—driven by strong demand in the technology and financial sectors. This reading indicates a healthy pace of expansion. In contrast, the ISM Services PMI edged down to 50.1, just above the expansion threshold, reflecting some slowing in business activity and weaker trade components amid ongoing tariff-related disruptions. Despite this, the broader services sector, which makes up roughly 71% of U.S. GDP, remains in growth territory.

Productivity in the nonfarm business sector rose at a 2.4% annualized rate in Q2, outpacing expectations. Real wage gains are also supporting the consumer backdrop, as hourly compensation increased 4.2% year-over-year, well ahead of inflation, which remains around 2.7%. These gains are providing households with additional spending power. Importantly, unit labor costs rose just 1.6%, indicating that productivity improvements are helping absorb higher wages, which may help contain inflationary pressures linked to tariffs.

Earnings season has delivered strong results. With 90% of S&P 500 companies reporting, 82% have exceeded analyst expectations, with an average earnings surprise of 8.5%. This has led to a significant upward revision in earnings growth forecasts for 2025, now at 9.7% compared to just 3.8% at the end of the prior quarter. Strength has been led by the communications and technology sectors, both posting over 20% year-over-year earnings growth. While margin pressure may increase due to tariffs, overall corporate performance remains resilient for the time being.

As we head into the latter part of Q3 we expect to be heading into a market environment where growth is slowing but

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inflation is accelerating. This is typically referred to as a Quad 3 in our allocation framework and argues for an overweight position in gold, commodities, and short/medium term bonds. However, Q4 is expected to show a rebound in growth but with continued inflation pressure which is typically associated with a Quad 2 which favours equities. The portfolio has been positioned with a lower bond duration and gold overweight all year, and we continue to favour these positions while balancing an appropriate equity mix to straddle the Quad 3 and Quad 4 short term and medium-term outlook.

The Fund is very active increasing and decreasing equity exposure. The Fund will tactically trade equities, either through outright sales or ‘shorting’. The Fed has refocused on inflation and getting it back to the 2% target. The FED has lowered interest rates by 100 bps. The Bank of Canada has made seven interest rate cuts so far this cycle, the latest being 25 bps for a total of 225 bps. The direction of Fed Funds and BoC rate are both wait and see mode. Our biggest sectors: Industrials (8.4%), Energy (7.6%), Financials (7.4%), Materials (7.1%) and Real Estate (4.8%). I’ve added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of August 8, 2025

1.	Chartwell Retirement – CSH.UN	REITS
2.	Canadian Imperial Bank - CM	Financials
3.	Manulife - MFC	Financials
4.	Arc Resources – ARX	Energy
5.	Enbridge – ENB	Energy
6.	Sun Life – SLF	Financials
7.	Fairfax Financial – FFH	Financials
8.	Amazon – AMZN	Consumer Discretionary
9.	Capital Power - CPX	Utilities
10.	Canadian Pacific - CP	Industrials

*EGIF Top 10 Equity Holdings exposure: 9.5%

The Exemplar Growth & Income Series FD was +0.99% last week and is +6.18% year to date.

Exemplar Global Growth & Income

We launched a Global version of our Exemplar Growth & Income Fund in December of 2021. The Fund has the same investment team and investment process that you are familiar with from the Exemplar Growth & Income Fund but with a Global geographical focus. To help show the portfolio differences, we have included the asset allocation for Exemplar Global Growth & Income as well as the top 10 equity holdings and performance below.

August 8th, 2025 Asset Allocation: 4.5% cash; 20.9% bonds; 11.2% commodities and 65.9% equities*; 20.4% \$US, 1.7% EUR, 1.3% GBP, 0.4% JPY, 1.1% Other

August 1st, 2025 Asset Allocation: 2.6% cash; 27.7% bonds; 9.7% commodities and 61.8% equities*; 17.7% \$US, 1.4% EUR, 1.4% GBP, 0.4% JPY, 1.1% Other

*Net exposure to equities

Top 10 Equity Holdings as of August 8, 2024

1.	Nvidia – NVDA	Technology
2.	Alphabet – GOOG	Communication Services
3.	Amazon – AMZN	Consumer Discretionary
4.	Microsoft – MFST	Technology
5.	Apple - AAPL	Technology
6.	Meta Platforms - META	Communication Services
7.	Walmart – WMT	Consumer Staples
8.	Johnson & Johnson – JNJ	Healthcare
9.	Barrick Mining - ABX	Materials
10.	Rolls-Royce – RR.L	Industrials

*EGGIF Top 10 Equity Holdings exposure: 7.1%

The Exemplar Global Growth & Income Series FD was +1.63% last week and is +5.51% year to date.

Thanks,
Arrow Investment Team

Historical Performance – As of July 31, 2025

	1-Year	3-Year	5-Year	10-Year	ITD
EGIF - Series FD	12.54%	5.25%	5.74%	6.62%	6.82%
EGGIF – Series FD	7.92%	4.16%			1.89%

Published August 11, 2025

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The rates of return are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values or returns on investment in an investment fund.

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The comparison presented is intended to illustrate the historical performance of Exemplar Growth and Income Fund (the “Fund”) as compared with the historical performance of a widely quoted market index or a weighted blend of widely quoted market indices or other investments. There are various important differences that may exist between the Fund and the stated indices or other investments that may affect the performance of each. The objectives and strategies of the Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices. Certain statements contained in this communication are based in whole or in part on information provided by third parties and Arrow Capital Management has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

More information about the Fund can be found on our website www.arrow-capital.com.