

# EXEMPLAR GROWTH AND INCOME FUND

## commentary – Week ending June 5, 2026



**June 5th 2026 Asset Allocation:** 11.4% cash; 22.4% bonds; 0.2% commodities, and 65.9% equities\*; 16.6% \$US

**May 29th 2026 Asset Allocation:** 11.6% cash; 22.1% bonds; 0.2% commodities, and 66.1% equities\*; 17.2% \$US

\*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	-0.41%	-1.04%
iShares Core Canada Bond Index ETF	-0.31%	+1.28%
Gold (GLD ETF)	-5.01%	-0.02%
USD/CAD	+0.89%	+1.54%
ACWI (ETF)	-2.62%	+9.12%
S&P 500 (SPY ETF)	-2.50%	+8.42%
Nasdaq (QQQ ETF)	-4.50%	+14.89%
S&P/TSX (XIU ETF)	-0.02%	+9.38%
EGIF – Series FD	-1.44%	+10.22%
EGGIF – Series FD	-1.49%	+7.54%

May 29, 2026 to June 5, 2026

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

Source: Hedgeye Risk Management, May 2026

The U.S. labor market has accelerated, creating over half a million jobs in the first five months of the year - nearly double the total for all of last year. May's non-farm payrolls printed at a robust 172,000 against an 80,000 consensus, with upward revisions adding a further 93,000 to the prior two months while the unemployment rate held steady. While this broad-based hiring across goods and service sectors provides a critical cushion for the consumer, it could change the monetary policy path. The labor market is no longer making a case for looser policy, forcing short-term money markets to aggressively price out all interest rate cuts for the year and instead price in potential hikes. This presents a challenging debut for Kevin Warsh at his first Federal Reserve meeting; though he has favored lower rates due to AI-driven productivity gains, cuts are now off the table, and the committee will likely message that the next move could be higher or lower.

This hawkish repricing of the rates path snapped a nine-week winning streak for equities and triggered a violent unwind in the AI trade, causing the Nasdaq to slump over 4% and the S&P 500 to drop 2.6% in its worst single session since October. Despite the index-level drama, there was crucial nuance under the hood: the equal-weighted S&P 500 fell just 50 basis points and the Dow closed essentially flat on Friday. Rather than reflecting a broad fundamental deterioration, this could represent a positioning unwind off stretched levels, suggesting that this dip will likely get bought and that a period of consolidation is healthy. Underlying economic fundamentals remain supportive, with robust earnings growth, an intact labor market, and reasonable historical valuations.

The primary macroeconomic wildcard remains the situation in Iran, where collapsed peace talks and regional skirmishes have kept the critical Strait of Hormuz closed. While this extended shipping disruption continues to shock global energy

markets and raise the risk of a more pronounced inflation spike, there is an emerging view that political leadership is moving on from the conflict, and by extension, so are markets. In Canada, the labor market remains on a tougher, more volatile path; despite a headline bounce of 88,000 jobs in May, the six-month trend indicates a stall in hiring that aligns with weak underlying activity. Consequently, the bar for interest rate tightening is even higher for the Bank of Canada, where non-energy inflation is contained and sluggish growth suggests policymakers will remain on hold for the rest of the year.

For long-term investors, this shifting economic backdrop should be viewed as a supportive foundation for stocks rather than a reason to panic over near-term volatility. Stronger economic fundamentals are paving the way for a healthy and long-awaited broadening of market leadership away from mega-cap technology and AI names, which were already showing signs of exhaustion following disappointing corporate results from tech heavyweights like Broadcom. Improving earnings growth beyond the technology sector should encourage investors to actively diversify exposure across U.S. large-cap, mid-cap, and international equities.

**Sector Breakdown and Top Holdings**

The Fund is prepared for multiple outcomes and using market swings to add or remove exposures. Our biggest sectors: Materials (10.3%), Industrials (9.0%), Financials (8.1%), Energy (6.8%), and Real Estate (5.2%). I've added our Top 10 Equity Holdings below for this week.

**Top 10 Equity Holdings as of June 5, 2026**

- |     |                                 |                  |
|-----|---------------------------------|------------------|
| 1.  | Canadian National Railway – CNR | Industrials      |
| 2.  | Base Carbon - BCBN              | Financials       |
| 3.  | Tenaz Energy - TNZ              | Energy           |
| 4.  | Chartwell Retirement – CSH.UN   | REITS            |
| 5.  | NevGold Corp - NAU              | Materials        |
| 6.  | Manulife - MFC                  | Financials       |
| 7.  | Canadian Imperial Bank - CM     | Financials       |
| 8.  | DRI Healthcare – DHT-U          | Healthcare       |
| 9.  | Premium Brands - PBH            | Consumer Staples |
| 10. | Royal Bank of Canada – RY       | Financials       |

\*EGIF Top 10 Equity Holdings exposure: 9.1%

The Exemplar Growth & Income Series FD was **-1.44%** last week and is **+10.22%** year to date.

**Exemplar Global Growth & Income**

Quad Forecast	2Q26E	3Q26E	4Q26E
Europe	Quad 3 (GDP ↓, Inflation ↑)	Quad 3 (GDP ↓, Inflation ↑)	Quad 4 (GDP ↓, Inflation ↓)
China	Quad 3 (GDP ↓, Inflation ↑)	Quad 1 (GDP ↑, Inflation ↓)	Quad 1 (GDP ↑, Inflation ↓)
Japan	Quad 2 (GDP ↑, Inflation ↑)	Quad 3 (GDP ↓, Inflation ↑)	Quad 2 (GDP ↑, Inflation ↑)

Source: Hedgeye Risk Management, May 2026

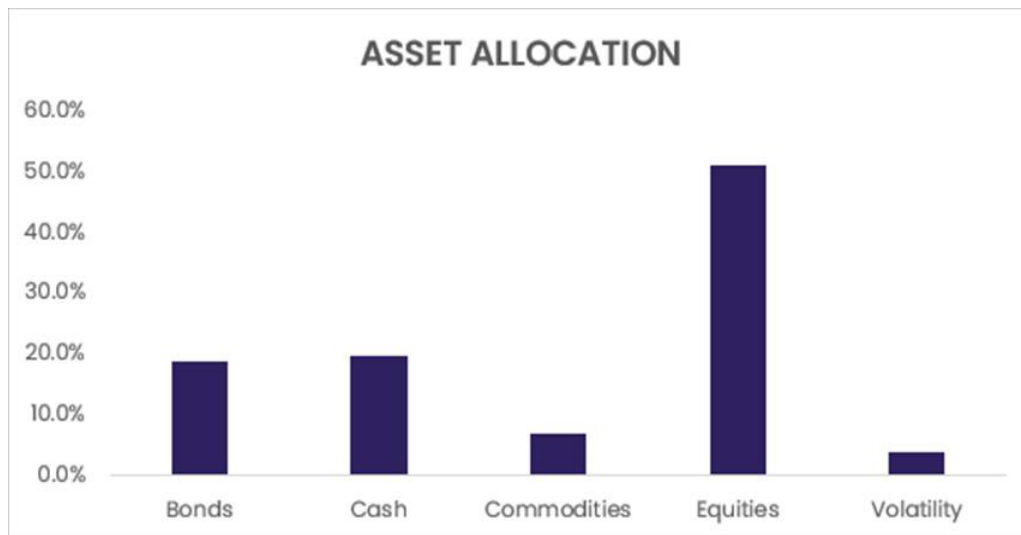
A hotter-than-expected jobs report ended the market's nine-week advance, repricing rates and triggering a violent unwind in the crowded AI trade. The S&P 500 fell 2.6% and the Nasdaq dropped over 4%, with AVGO's results acting as the trigger on a market heavily levered to memory and chip exposures. The selloff was notably concentrated, as the equal-weight RSP gave back just 50 bps on the week.

Coming into the week, hedge fund gross exposure sat near record highs with hedges largely abandoned. The end-of-week drawdown caught investors off guard and forced a reactive scramble for protection, with SPX put volume surging to a record 4.4 million contracts on Friday. Nearly two-thirds of that volume was in ODTE. The Fund had capitalized on the large inverse skew dynamics and protected high-beta areas of the portfolio via long-dated semiconductor puts the weeks prior.

May payrolls printed 172K against an 80K consensus, with unemployment steady at 4.3%. Yields backed up predictably and rate cuts for the year were effectively priced out. Markets now have a U.S. and Canada hike on the board for 2026, though we see the latter as unlikely at this stage. Rates and inflation remain the clear headwinds facing asset markets, but the fundamental and macro backdrop still looks constructive. Earnings growth is strong and broadening out, the labour market is intact, and valuations are reasonable versus history. Our base case is that this dip too gets bought, and that some consolidation is healthy.

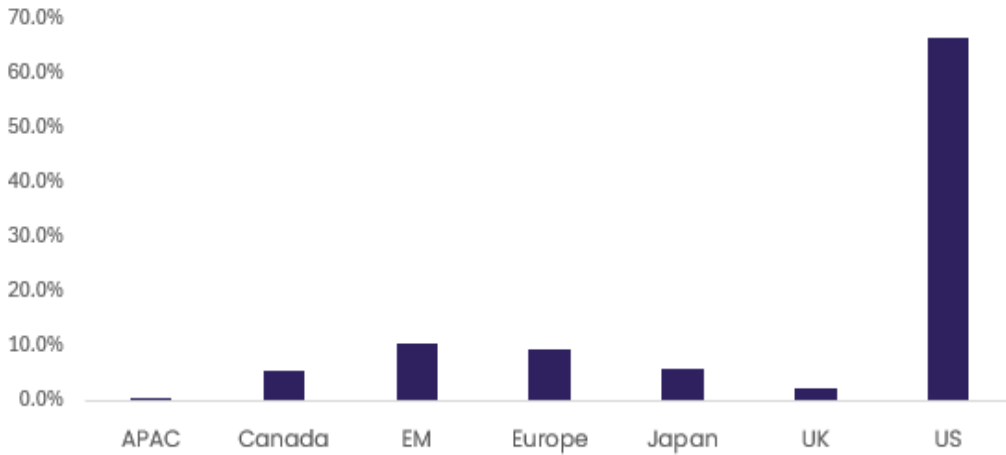
The data calendar is the swing factor ahead. Wednesday's CPI is the marquee test of the rates repricing. The Fed is in blackout ahead of June 17, the ECB meets Thursday with a 25 bps hike all but priced, and PPI and jobless claims also land Thursday. On the micro side, our team will be watching ORCL earnings for AI datapoints and narrative inflections, while the SpaceX IPO will highlight supply dynamics and source-of-funds themes. Iran remains a wildcard, though the administration appears to be moving on.

Exemplar Global Growth & Income Asset Allocation – June 5, 2026



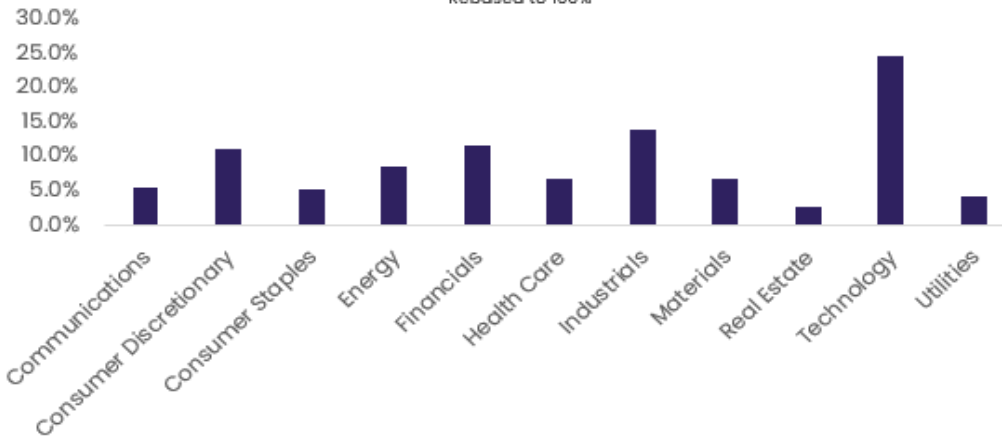
**EQUITY GEOGRAPHIC ALLOCATION**

\*Rebased to 100%



**EQUITY SECTOR ALLOCATION**

\*Rebased to 100%



**Top 10 Equity Holdings as of June 5, 2026**

- |     |                               |                        |
|-----|-------------------------------|------------------------|
| 1.  | Apple – AAPL                  | Technology             |
| 2.  | Microsoft – MSFT              | Technology             |
| 3.  | Nvidia – NVDA                 | Technology             |
| 4.  | Alphabet – GOOG               | Communication Services |
| 5.  | Amazon – AMZN                 | Consumer Discretionary |
| 6.  | Eli Lilly – LLY               | Healthcare             |
| 7.  | Morgan Stanley – MS           | Financials             |
| 8.  | Goldman Sachs - GS            | Financials             |
| 9.  | American Electric Power – AEP | Utilities              |
| 10. | Meta Platforms – META         | Communication Services |

\*EGGIF Top 10 Equity Holdings exposure: 6.8%.

The Exemplar Global Growth & Income Series FD was **-1.49%** last week and is **+7.54%** year to date.

Thanks,  
Arrow Investment Team

**Historical Performance** – As of May 31, 2026

	1-Year	3-Year	5-Year	10-Year	ITD
EGIF - Series FD	29.07%	15.16%	7.60%	8.70%	8.41%
EGGIF – Series FD	21.29%	10.61%			5.13%

Published June 8, 2026

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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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More information about the Fund can be found on our website [www.arrow-capital.com](http://www.arrow-capital.com).