EXEMPLAR GROWTH AND INCOME FUND

commentary - Week ending May 29, 2026

Arrow Capital
MANAGEMENT INC.

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

May 22nd 2026 Asset Allocation: 11.2% cash; 22.1% bonds; 0.2% commodities, and 66.4% equities*; 17.0% $US
*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.81%	-0.30%
iShares Core Canada Bond Index ETF	+0.95%	+1.60%
Gold (GLD ETF)	+0.80%	+5.25%
USD/CAD	+0.05%	+0.64%
ACWI (ETF)	+1.63%	+12.05%
S&P 500 (SPY ETF)	+1.45%	+11.20%
Nasdaq (QQQ ETF)	+2.89%	+20.30%
S&P/TSX (XIU ETF)	+0.16%	+9.40%
EGIF – Series FD	+0.71%	+11.83%
EGGIF – Series FD	+0.94%	+9.16%

May 22, 2026 to May 29, 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

Global equity markets achieved new milestones last week as reports of an extended ceasefire between the United States and Iran, alongside the anticipated reopening of the Strait of Hormuz, propelled the S&P 500 to its ninth consecutive weekly gain. This apparent receding of geopolitical risk caused crude oil prices to drop significantly to eighty-seven dollars per barrel, which in turn triggered a welcome rebound in the bond markets. While a degree of caution is warranted given previous false dawns regarding the shipping straits, these encouraging developments allow investors to look past the volatile geopolitical headlines and focus squarely on underlying economic fundamentals. A closer inspection of recent national accounts data reveals a stark divergence between a resilient American domestic economy and a stuttering Canadian landscape that is currently wrestling with multiple structural headwinds.

In the United States, headline growth figures were recently revised lower to a soft annualized rate of 1.6%, a deceleration that initially raised concerns following a muted finish to the prior year. However, this weakness is largely attributable to highly volatile components such as shifting inventories and erratic trade flows, which have been heavily distorted as corporations adjust to changing tariff structures. When stripping away this noise to focus on core consumer household spending and business fixed investment, the underlying health of the economy looks much sounder, averaging a steady 2.2% growth rate over the last six months. Forward-looking indicators support this resilience; durable goods orders point to robust corporate capital expenditure, and consumer spending has expanded despite a prolonged inflationary squeeze, sustained by households utilizing savings and recent tax refunds to smooth over short-term price shocks.

A primary and accelerating driver of this American domestic growth is an unprecedented investment boom in artificial intelligence infrastructure. Aggregate business spending surged by an impressive annualized rate of 6.4% in the first quarter, with allocations for information processing equipment, software, and research and development contributing a full percentage point to overall gross domestic product growth over the past year. This massive capital cycle represents the largest technology-driven investment surge since the information technology boom of the late 1990s.

In contrast, the Canadian economic backdrop appears increasingly fragile, with preliminary first-quarter data confirming a slight contraction that pushes the country into a technical recession. While volatile international trade and inventory adjustments acted as a drag, Canada is also suffering from a broader malaise; domestic business investment fell by an annualized 3% over the quarter, and a modest 1.5% increase in household spending was entirely insufficient to revive momentum. This contraction aligns with the steady deterioration observed in the domestic labor market and subdued consumer activity. While a deep or prolonged economic depression is unlikely, Canadian corporations continue to struggle against a backdrop of protectionist trade policy and structural uncertainty, which will likely intensify as continental trade negotiations proceed through the summer months.

The most prominent headwind to this otherwise constructive environment remains a highly uncomfortable inflation backdrop in the United States. The personal consumption expenditures price index, which serves as the central bank's preferred inflation gauge, accelerated to an annualized 3.5% over the first quarter and hit 3.8% in the monthly April reading, with expectations for a further nudge higher in May. While energy prices explain a portion of this spike, core inflation remains stubbornly elevated at 3.3%, driven by unseasonably hot goods pricing and persistent services inflation. This stickiness places the Federal Reserve in a difficult position; fixed-income markets continue to price in the risk of an additional interest rate hike within the next year, though the central bank will likely prefer to remain on hold on the sidelines unless core inflation exhibits a more severe upward breakout.

Conversely, Canadian inflationary pressures have been much better behaved throughout the year. Although the headline consumer price index moved up to 2.8%, this acceleration was entirely concentrated in volatile energy components, while core measures of inflation remained well-contained. The combination of sluggish domestic growth and an increasingly slack labor market should continue to keep underlying Canadian price pressures suppressed. Consequently, previous market expectations for multiple interest rate hikes from the Bank of Canada have rapidly subsided, with investors now anticipating at most a single additional move.

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 (11.4%), Industrials (8.8%), Financials (7.8%), Energy (6.6%), and Real Estate (5.0%). I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of May 29, 2026

1.	NevGold Corp - NAU	Materials
2.	Canadian National Railway – CNR	Industrials
3.	Base Carbon - BCBN	Financials
4.	Tenaz Energy - TNZ	Energy
5.	Chartwell Retirement – CSH.UN	REITS
6.	Manulife - MFC	Financials
7.	Premium Brands - PBH	Consumer Staples
8.	Canadian Imperial Bank - CM	Financials
9.	Amazon - AMZN	Consumer Discretionary
10.	Telesat Corporation - TSAT	Technology

*EGIF Top 10 Equity Holdings exposure: 9.2%

The Exemplar Growth & Income Series FD was **+0.71%** last week and is **+11.83%** 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 ↑)

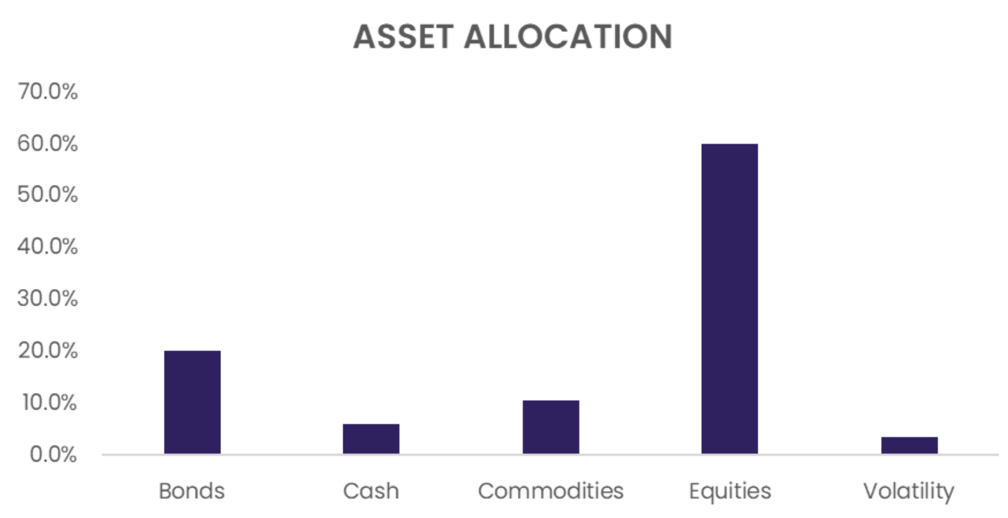
Source: Hedgeye Risk Management, May 2026

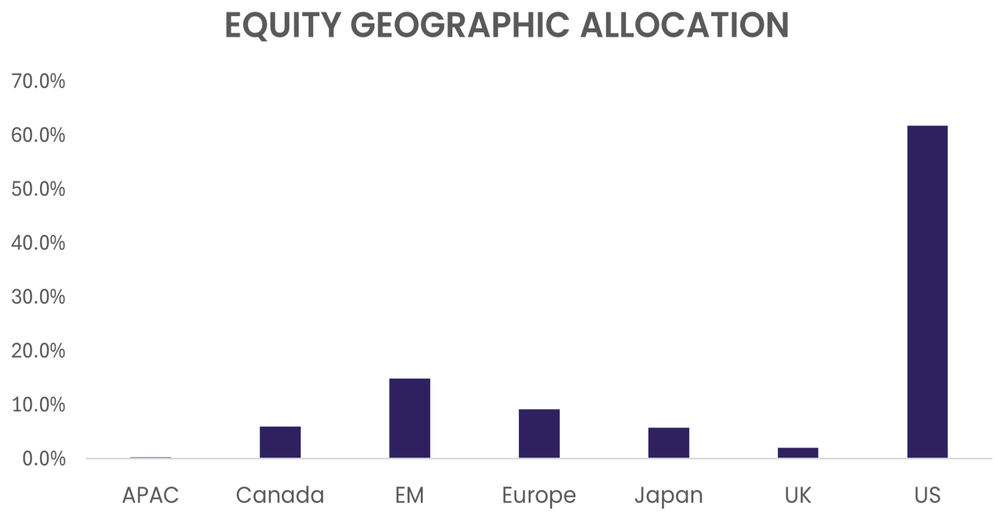
A shortened week to close out May, and equities made the most of it - the S&P 500 finished at all-time highs, capping its best month of the year with a 5.2% gain and notching a ninth consecutive weekly advance. QQQ was the clear leader at +2.4%, driven by a broadening AI tape that extended well beyond semiconductors into software and hardware. Dell's earnings were the catalyst of the week, with shares surging over 30% after a blowout print that validated the depth of enterprise AI adoption - a signal that the infrastructure build is evolving from hyperscaler-driven to broadly distributed. On the portfolio side – we have selectively increased exposure to software/infrastructure names that are well positioned to capture the next leg of AI-driven earnings growth.

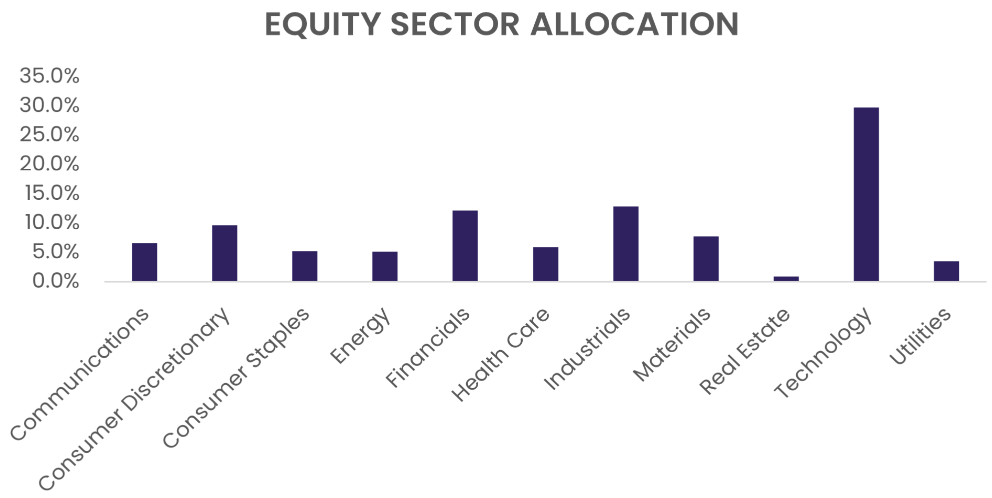
Thursday's PCE report was the macro event of the week. Headline inflation printed at 3.8% y/y - a three-year high - with energy the primary culprit as the Iran conflict continues to feed through to oil prices. Annual core at 3.3% y/y was in line with estimates – this is the fastest pace since 2023. Overall – softer growth, easing labor conditions, and inflation that remains contained but sticky. Easing geopolitical risk, resilient corporate earnings, and an AI capex cycle showing no signs of fatigue are the dominant forces, and they continue to outweigh the concerns.

The week ahead shifts focus to the labour market, with May's nonfarm payrolls on Friday as the centrepiece as well as ISM manufacturing data on Monday. COMPUTEX runs all week in Taipei with NVIDIA front and centre, and Broadcom reports - together they will set the tone for where the AI trade goes from here.

Exemplar Global Growth & Income Asset Allocation – May 29, 2026







Top 10 Equity Holdings as of May 29, 2026

1.	Apple – AAPL	Technology
2.	Microsoft – MSFT	Technology
3.	Amazon – AMZN	Consumer Discretionary
4.	Alphabet – GOOG	Communication Services
5.	Meta Platforms – META	Communication Services
6.	Nvidia – NVDA	Technology
7.	American Electric Power – AEP	Utilities
8.	JPMorgan Chase – JPM	Financials
9.	Cloudflare Inc – NET	Technology
10.	Morgan Stanley – MS	Financials

*EGGIF Top 10 Equity Holdings exposure: 7.3%.

The Exemplar Global Growth & Income Series FD was **+0.94%** last week and is **+9.16%** 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%	8.40%
EGGIF – Series FD	21.29%	10.61%			5.74%

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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.