EXEMPLAR GROWTH AND INCOME FUND

commentary - Week ending October 10, 2025

Arrow Capital Management Inc.

October 10th 2025 Asset Allocation: 6.4% cash; 26.4% bonds; 3.7% commodities, and 61.8% equities*; 25.8% $US

October 3rd 2025 Asset Allocation: 6.4% cash; 26.4% bonds; 3.7% commodities, and 61.8% equities*; 25.8% $US
*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.51%	+7.53%
iShares Core Canada Bond Index ETF	+0.10%	+2.79%
Gold (GLD ETF)	+3.21%	+51.14%
USD/CAD	+0.42%	-2.48%
ACWI (ETF)	-2.70%	+15.81%
S&P 500 (SPX ETF)	-2.40%	+11.69%
Nasdaq (QQQ ETF)	-2.26%	+15.01%
S&P/TSX (XIU ETF)	-0.89%	+21.76%
EGIF – Series FD	-0.63%	+13.83%
EGGIF – Series FD	-1.21%	+11.05%

October 3, 2025 to October 10, 2025

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

Source: Hedgeye Rish Management, October 2025

Positioning: A Tipping Point

Investor positioning in U.S. equities has reached extreme levels, with Vanda's positioning indicator rising above 2.0—a threshold that historically signals significant downside risk. When positioning becomes this stretched, markets are often priced for perfection, leaving very little room for negative surprises. These levels suggest a large share of market participants are already fully allocated to risk, which can exacerbate any pullback as profit-taking, de-grossing, and unwinding of crowded trades accelerate. We've seen similar setups in the past—December '23, February '24, July '24—where positioning above 2 was followed by sharp volatility and meaningful drawdowns. In this kind of environment, it doesn't take much to spark a correction.

Source: Vanda Research

Catalyst Risk: Trump's Tariff Threat

Recent headlines about former President Trump's proposal for 100% tariffs on Chinese imports—in response to Beijing tightening export controls on critical minerals—represent exactly the kind of spark that can trigger outsized market moves when positioning is this heavy. While many U.S. multinationals have diversified supply chains beyond China, the narrative of renewed U.S.–China trade tensions reintroduce a layer of geopolitical and economic uncertainty. Markets dislike uncertainty—especially when it threatens the tech and industrial supply chains that have driven much of the rally. More importantly, even if the actual economic impact is limited, such headlines can serve as a psychological tripwire in a market already on edge due to aggressive long exposure.

Last week, the fund purchased put protection on various indices to help reduce market risk. We were fortunate to begin buying before the Trump "tape bomb." With the weekend's news that it was all a misunderstanding; markets have since rallied over Canadian Thanksgiving. Perhaps this will fade, but for now, we will continue to hold our hedges in case the situation flares up again.

Sector Breakdown and Top Holdings

The Fund is prepared for multiple outcomes and using market swings to add or remove exposures. Our biggest sectors: Industrials (9.1%), Materials (9.1%), Energy (7.5%), Financials (7.1%) and Real Estate (5.0%). I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of October 10, 2025

1.	Chartwell Retirement – CSH.UN	REITS
2.	Manulife - MFC	Financials
3.	Tenaz Energy - TNZ	Energy
4.	Base Carbon - BCBN	Financials
5.	Canadian Imperial Bank - CM	Financials
6.	Amazon – AMZN	Consumer Discretionary
7.	Sun Life – SLF	Financials
8.	Capital Power – CPX	Utilities
9.	Enbridge – ENB	Energy
10.	Schmid Group – SHMD	Industrials

*EGIF Top 10 Equity Holdings exposure: 9.2%

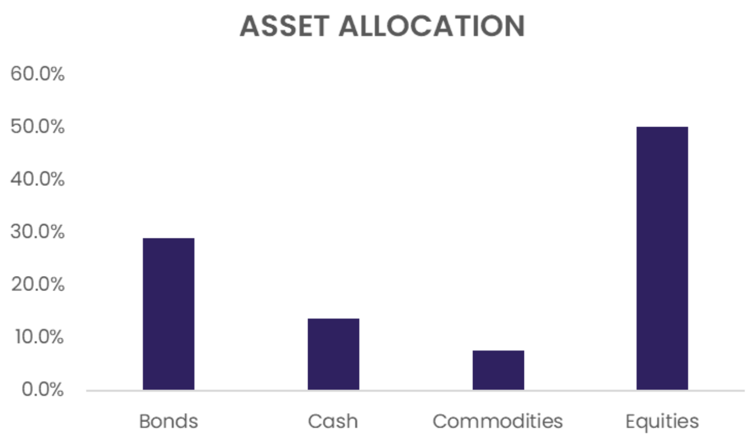
The Exemplar Growth & Income Series FD was -0.63% last week and is +13.83% year to date.

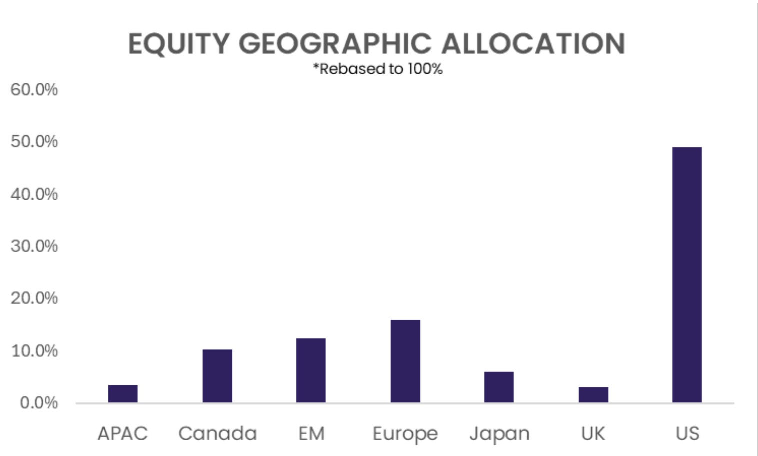
Exemplar Global Growth & Income

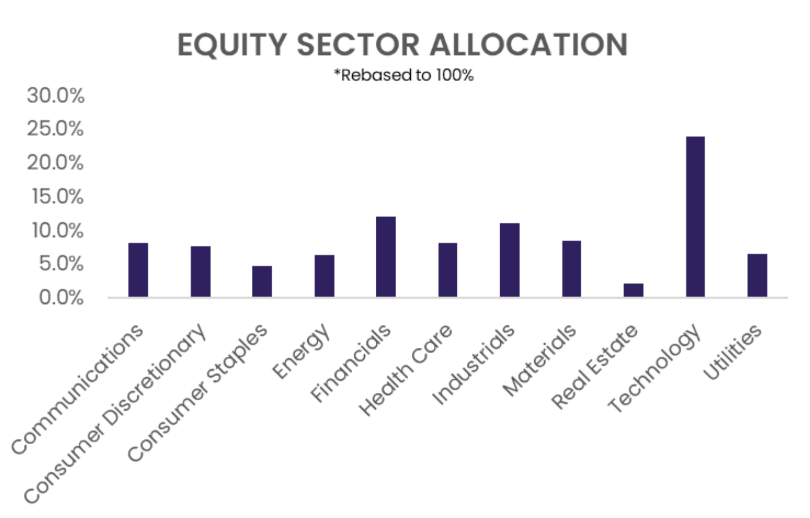
Quad Forecast	3Q25E	4Q25E	1Q26E
Europe	Quad 3 (GDP ↓, Inflation ↑)	Quad 3 (GDP ↓, Inflation ↑)	Quad 4 (GDP ↓, Inflation ↓)
China	Quad 4 (GDP ↓, Inflation ↓)	Quad 3 (GDP ↓, Inflation ↑)	Quad 4 (GDP ↓, Inflation ↓)
Japan	Quad 4 (GDP ↓, Inflation ↓)	Quad 4 (GDP ↓, Inflation ↓)	Quad 1 (GDP ↑, Inflation ↓)

Source: Hedgeye Risk Management, October 2025

Last week was highlighted by Friday's sell-off in US equities post China/US tariff flare-up once again. The market had not had any kind of meaningful correction of 5% (and at the time of writing still does not) so the tinder was dry looking for a match. Trump's "soothing" words – aka TACO – helped fuel a rally right back into the riskiest equities. The market is very much concerned with supply management on one hand and trade disruptions on the other – any company focused on energy security (rare earths / uranium / copper etc.) and efficiency remains well bid – with or without any earnings needed to support the "valuations". Our process is agnostic to valuations but they do tend to exert themselves at market inflection points when a narrative runs out of steam. Are we at that point? Nobody can know for sure but as our clients know we are protectors of capital as well as seeking a solid return. So we have reduced both our exposure to equities and in particular the higher beta names in favour of larger cap exposures. In lieu of this our bond exposure has risen to its highest levels in quite some time and is expected to be even higher as we move through the balance of the year. The QUAD set up is favourable in the US but the current market positioning is too aggressive based on where we believe short dated realized equity volatility is headed. Risk management is our focus in the short term given these dynamics.







Top 10 Equity Holdings as of October 10, 2024

1.	Microsoft – MFST	Technology
2.	Apple - AAPL	Technology
3.	Nvidia - NVDA	Technology
4.	Alphabet – GOOG	Communication Services
5.	Meta Platforms - META	Communication Services
6.	Amazon – AMZN	Consumer Discretionary
7.	Walmart – WMT	Consumer Staples
8.	Sempra – SRE	Utilities
9.	JP Morgan Chase – JPM	Financials
10.	Enel spA – ENEL.IM	Utilities

*EGGIF Top 10 Equity Holdings exposure: 6.2%

The Exemplar Global Growth & Income Series FD was -1.21% last week and is +11.05% year to date.

Thanks,
Arrow Investment Team

Historical Performance – As of September 30, 2025

	1-Year	3-Year	5-Year	10-Year	ITD
EGIF - Series FD	16.48%	8.88%	7.37%	7.65%	7.43%
EGGIF – Series FD	12.17%	7.01%			3.38%

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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.