# EXEMPLAR GROWTH AND INCOME FUND
## commentary - Week ending October 3, 2025

Arrow Capital Management Inc.

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

September 26th 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 | +0.48% | +6.98% |
| iShares Core Canada Bond Index ETF | +0.31% | +2.69% |
| Gold (GLD ETF) | +3.14% | +46.44% |
| USD/CAD | +0.14% | -2.88% |
| ACWI (ETF) | +1.56% | +19.02% |
| S&P 500 (SPX ETF) | +1.11% | +14.44% |
| Nasdaq (QQQ ETF) | +0.87% | +17.67% |
| S&P/TSX (XIU ETF) | +2.55% | +22.85% |
| EGIF – Series FD | +1.64% | +14.55% |
| EGGIF – Series FD | +1.64% | +12.41% |

September 26, 2025 to October 3, 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

As of midnight on September 30, 2025, the U.S. government entered a shutdown after lawmakers failed to reach a funding agreement. Despite the shutdown, recent economic indicators show continued momentum. Consumer spending has remained resilient, and investment in artificial intelligence infrastructure is expanding rapidly. The Atlanta Fed estimates third-quarter GDP growth at 3.8%, and private data—like same-store sales and auto sales—suggest strength in retail activity.

The labor market continues to cool, with signs of slowing hiring but limited layoffs. With official data unavailable, alternative indicators like ADP private payrolls—which showed a 32,000 job decline in September—are gaining attention. Unemployment remains relatively low at 4.3%, but job openings have dipped below the number of unemployed workers for the first time since 2021. Companies appear cautious about hiring, possibly due to economic uncertainty and anticipated productivity gains from AI. Outside of the government sector, layoffs are still subdued.

The Federal Reserve resumed interest rate cuts last month amid signs of labor market softening and manageable inflation. However, the absence of reliable data due to the shutdown complicates future decisions. Policymakers may have to rely on lower-quality, private data in the interim. If the shutdown drags on or results in permanent federal job cuts, pressure on the Fed to continue lowering rates could increase. The central bank is expected to proceed cautiously, aiming for a gradual return to neutral interest rate levels.

Despite the shutdown, financial markets have remained strong. The S&P 500 rose nearly 8% in the third quarter, with the Nasdaq and small-cap indexes posting double-digit gains. Markets appear to be driven by continued AI momentum and expectations of lower interest rates. Historically, government shutdowns have had little lasting impact on equity performance, though they can increase short-term volatility. The current lack of official data may contribute to market uncertainty in the near term.

The Fund is prepared for multiple outcomes and using market swings to add or remove exposures. Our biggest sectors: Industrials (9.4%), Materials (9.0%), Energy (7.6%), Financials (7.4%) and Real Estate (5.2%). I've added our Top 10 Equity Holdings below for this week.

### Top 10 Equity Holdings as of October 3, 2025

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

*EGIF Top 10 Equity Holdings exposure: 9.4%

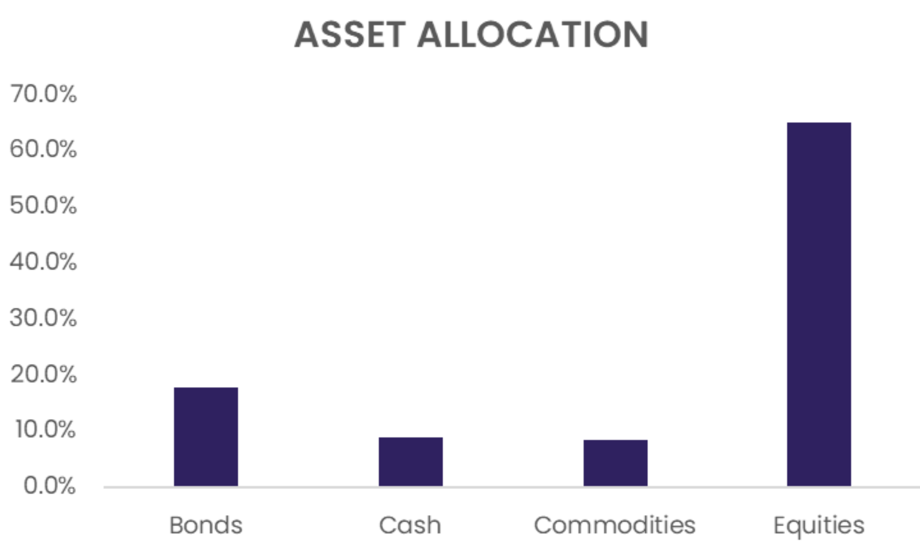
The Exemplar Growth & Income Series FD was +1.64% last week and is +14.55% year to date.

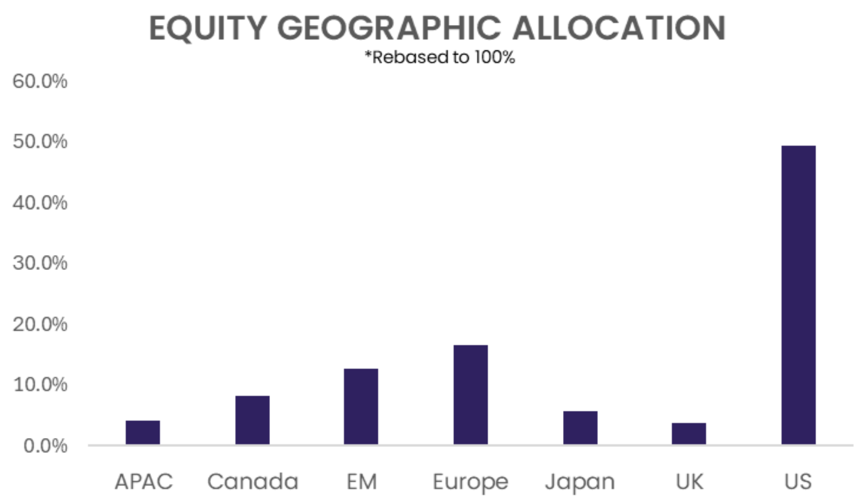
## Exemplar Global Growth & Income

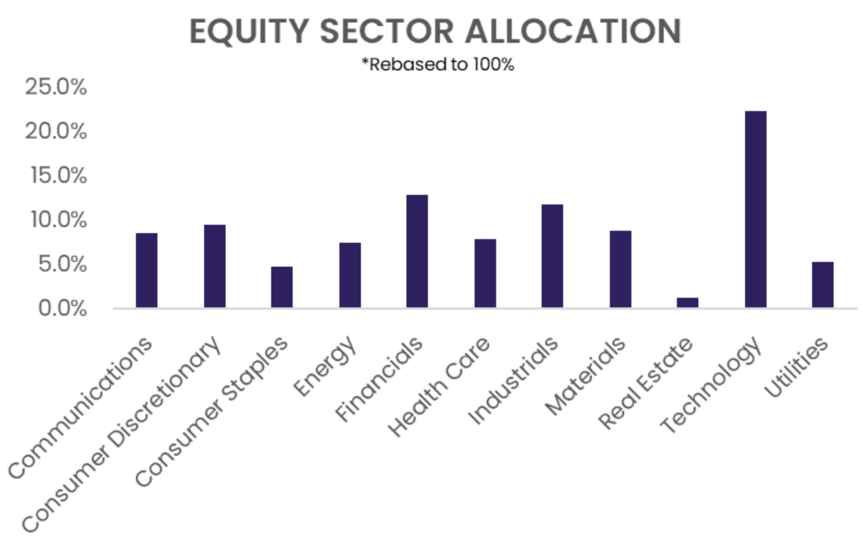
| Quad Forecast | 3Q25E | 4Q25E | 1Q26E |
|---|---|---|---|
| Europe | Quad 3 (GDP ↓, Inflation ↑) | Quad 3 (GDP ↓, Inflation ↑) | Quad 4 (GDP ↓, Inflation ↓) |
| China | Quad 4 (GDP ↓, Inflation ↓) | Quad 3 (GDP ↓, Inflation ↑) | Quad 4 (GDP ↓, Inflation ↓) |
| Japan | Quad 4 (GDP ↓, Inflation ↓) |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

Source: Hedgeye Risk Management, October 2025

In the U.S. the news of another government shutdown was met with a big yawn as markets powered ahead despite no NFP release on Friday. Best guess is this lasts till the end of the next week (coinciding with the government pay cycle). The markets continue to broaden out as smaller companies are now benefitting from rising earnings estimates for the first time in a long time! We are also benefitting from the inflationary growth expectations with overweights in Canada and Europe. In Japan, a new Prime Minister has been appointed following the resignation of Ishiba. Takaichi will become the first female leader of Japan. She is regarded as very conservative and pro-U.S. The reaction in markets last night had the Nikkei 225 up over 3% and the yen down 1.5%. In France, the Prime Minister resigned after only a month – French markets are moving lower as uncertainty rises. We will be looking for ideas over the next few months as the political path is very cloudy now. On the week commodities broadly gave back 1.5% on falling oil prices (WTI down about 4%) in advance of OPEC talks on the weekend. The outcome was modest supply increase (+137k bpd), but the actual amount is likely to be substantially lower than posted. Russia remains a large wildcard. Gold continued its strong advance rising 3% and copper over 5%. Mining shares have been extremely strong. This coming week is fairly light on data. We will be watching the Carney / Trump meeting for clues on the state of “negotiations” especially around key areas like steel and metals.






## Top 10 Equity Holdings as of October 3, 2024

| | | |
|---|---|---|
| 1. | Microsoft – MFST | Technology |
| 2. | Apple - AAPL | Technology |
| 3. | Alphabet – GOOG | Communication Services |
| 4. | Nvidia - NVDA | Technology |
| 5. | Amazon – AMZN | Consumer Discretionary |
| 6. | Meta Platforms - META | Communication Services |
| 7. | Sempra – SRE | Utilities |
| 8. | Pembina Pipeline - PPL | Energy |
| 9. | Walmart – WMT | Consumer Staples |
| 10. | Baker Hughes – BKR | Energy |

*EGGIF Top 10 Equity Holdings exposure: 6.7%

The Exemplar Global Growth & Income Series FD was +1.64% last week and is +12.41% 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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Commissions, trailing commissions, management and performance fees and expenses all may be associated with mutual fund and exchange-traded fund (ETF) investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds and ETFs are not guaranteed, their values change frequently and past performance may not be repeated. You will usually pay brokerage fees to your dealer if you purchase or sell securities of an ETF on recognized Canadian exchanges. If the securities are purchased or sold on these Canadian exchanges, investors may pay more than the current net asset value when buying securities of the ETF and may receive less than the current net asset value when selling them.

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.