

# EXEMPLAR GROWTH AND INCOME FUND

## commentary - Week ending February 21, 2025



February 21st, 2025 Asset Allocation: 12.1% cash; 19.6% bonds; 7.3% commodities (3.9% GLD ETF/ 1.4 SLV/ 2.0% IBIT) and 61.0% equities\*; 24.0% \$US

February 14th, 2025 Asset Allocation: 12.4% cash; 19.1% bonds; 7.4% commodities (3.9% GLD ETF/ 1.4 SLV/ 2.1% IBIT) and 61.1% equities\*; 24.1% \$US

\*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.42%	+1.69%
iShares Core Canada Bond Index ETF	-0.10%	+0.93%
Gold (GLD ETF)	+1.36%	+11.87%
USD/CAD	+0.30%	-1.12%
ACWI (ETF)	-1.21%	+3.94%
S&P 500 (SPX ETF)	-1.63%	+2.42%
Nasdaq (QQQ ETF)	-2.24%	+2.90%
S&P/TSX (XIU ETF)	-1.20%	+2.47%
EGIF – Series FD	-0.47%	+0.44%
EAGIF – Series FD	-0.72%	+2.49%

February 14, 2025 to February 21, 2025

Last week, equity prices were down with most of the damage coming on Friday. Gold, the U.S. dollar and bonds were up. The behavior Friday was atypical Quad4 day. Given the policy shifts under Trump volatility can be expected. What sparked the selloff Friday? February Preliminary S&P Global US Services PMI came in below consensus and contracted with a reading of 49.7. February Final U. of Mich 5-10 yr Inflation Expectations came in at 3.5%, higher than expected. U. of Mich Sentiment, Current Conditions and Expectations all came in less than expected. The headline of another pandemic type of virus discovered in China added to the panic selling behavior. Is it another buy the 'dip' or the beginning of a more protracted pull back?

A Consumer bellwether, Walmart, was down over 10% this week on soft earnings guidance and remains almost 15% above its 200-day moving average. Walmart predicts lower than expected profits, citing a cloudy economy. Is the consumer retrenching? Exemplar Growth & Income currently has a Consumer Discretionary exposure under 2% and Consumer Staples exposure of 1%.

### Walmart – February 24, 2020 to February 24, 2025



Source: Bloomberg

The Russell 2000 is testing its 200-day moving average. Lower bond yields tend to help small caps. We are watching - the Fund has no position in the Russell 2000 currently.

Russell 2000 Index – February 24, 2020 to February 24, 2025



Source: Bloomberg

A positive for liquidity may come from the Fed despite interest rate cuts being priced out of the market. *FOMC speculation the Fed may be prepared to stop Quantitative Tightening sooner than anticipated to manage banking reserves. Darius Dale, 42Macro*

The Fund has small hedges on XIU, the Canadian Banks and the VIX Index. The Fund added more to China exposure and added to the Materials sector. The Fund maintains its long Yen position. Typically, between Valentine’s Day and St. Patrick’s day the market experiences a ‘chop’. Is there more chop to come or a bounce?

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 six interest rate cuts so far this cycle, the latest being 25 bps for a total of 200bps. The direction of Fed Funds and BoC rate are both lower, but the next cut is more uncertain. The probability of a March 19th Fed cut is 5% and only a 27% chance July 30th. Fed cuts are being priced out of 2025. Our biggest sectors: Financials (11.0%), Energy (9.4%), Industrials (9.2%), Info Tech (8.1%) and Materials (4.9%). I’ve added our Top 10 Equity Holdings below for this week.

**Top 10 Equity Holdings as of February 21, 2025**

- |    |                                  |                        |
|----|----------------------------------|------------------------|
| 1. | Canadian Imperial Bank - CM      | Financials             |
| 2. | Pembina Pipelines - PPL          | Energy                 |
| 3. | Royal Bank - RY                  | Financials             |
| 4. | Chartwell Retirement – CSH.UN    | REITS                  |
| 5. | MDA Space – MDA                  | Industrials            |
| 6. | VanEck Junior Gold Miners - GDXJ | Materials              |
| 7. | Amazon - AMZN                    | Consumer Discretionary |
| 8. | Canadian Pacific – CP            | Industrials            |
| 9. | Sun Life - SLF                   | Financials             |

10. Arc Energy - ARX Energy

The Exemplar Growth & Income Series FD was -0.47% last week and is +0.44% 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.

February 21st, 2025 Asset Allocation: 11.1% cash; 28.7% bonds; 10.7% commodities and 48.4% equities\*; 28.8% \$US, 3.1% JPY, 1.9% EUR, 4.0% Other

February 14th, 2025 Asset Allocation: 8.9% cash; 25.2% bonds; 10.3% commodities and 57.3% equities\*; 15.9% \$US, 3.0% JPY, 2.0% EUR, 4.0% Other

\*Net exposure to equities

## Top 10 Equity Holdings as of February 21, 2024

- |     |                            |                        |
|-----|----------------------------|------------------------|
| 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.  | Taiwan Semiconductor - TSM | Technology             |
| 7.  | Alibaba - BABA             | Consumer Discretionary |
| 8.  | Berkshire Hathaway – BRK/B | Financials             |
| 9.  | Capital One - COF          | Financials             |
| 10. | Siemens AG – SIE           | Industrials            |

The Exemplar Global Growth & Income Series FD was -0.72% last week and is +2.49% year to date.

Thanks,

Arrow Investment Team

**Historical Performance** – As of January 31, 2025

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	15.08%	2.50%	5.60%	6.75%
EGGIF – Series F	12.22%	2.50%		1.50%

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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](http://www.arrow-capital.com).