

EXEMPLAR GROWTH AND INCOME FUND

commentary - Week ending March 21, 2025



March 21st, 2025 Asset Allocation: 13.7% cash; 24.0% bonds; 6.5% commodities (4.2% GLD ETF/ 1.2 SLV/ 1.1% IBIT) and 55.8% equities*; 28.5% \$US

March 14th, 2025 Asset Allocation: 15.2% cash; 23.7% bonds; 5.9% commodities (3.6% GLD ETF/ 1.2 SLV/ 1.1% IBIT) and 55.2% equities*; 28.3% \$US

*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.57%	+3.41%
iShares Core Canada Bond Index ETF	+0.46%	+1.67%
Gold (GLD ETF)	+1.33%	+15.21%
USD/CAD	-0.11%	-0.26%
ACWI (ETF)	+0.45%	+0.41%
S&P 500 (SPX ETF)	+0.53%	-3.35%
Nasdaq (QQQ ETF)	+0.25%	-5.94%
S&P/TSX (XIU ETF)	+1.65%	+1.73%
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EGIF – Series FD	+0.69%	-0.15%
EAGIF – Series FD	-0.09%	+1.00%

March 14, 2025 to March 21, 2025

Last week, Gold was the runaway winner. All other asset classes experienced a bounce while the USD was flat. Gold continues to act as a safe haven in the current environment. The difference this year vs last year is the breadth in participation of the precious metals stocks is much greater. The Fund holds almost 5% in precious metals and 3% in the stocks. Is Gold's bull run a signal that U.S. Government debt has gotten too large? Gold remains a good hedge in uncertain times, although it too will suffer if liquidity comes out of the financial system.

Gold Price (USD) – March 23, 2020 to March 22, 2025

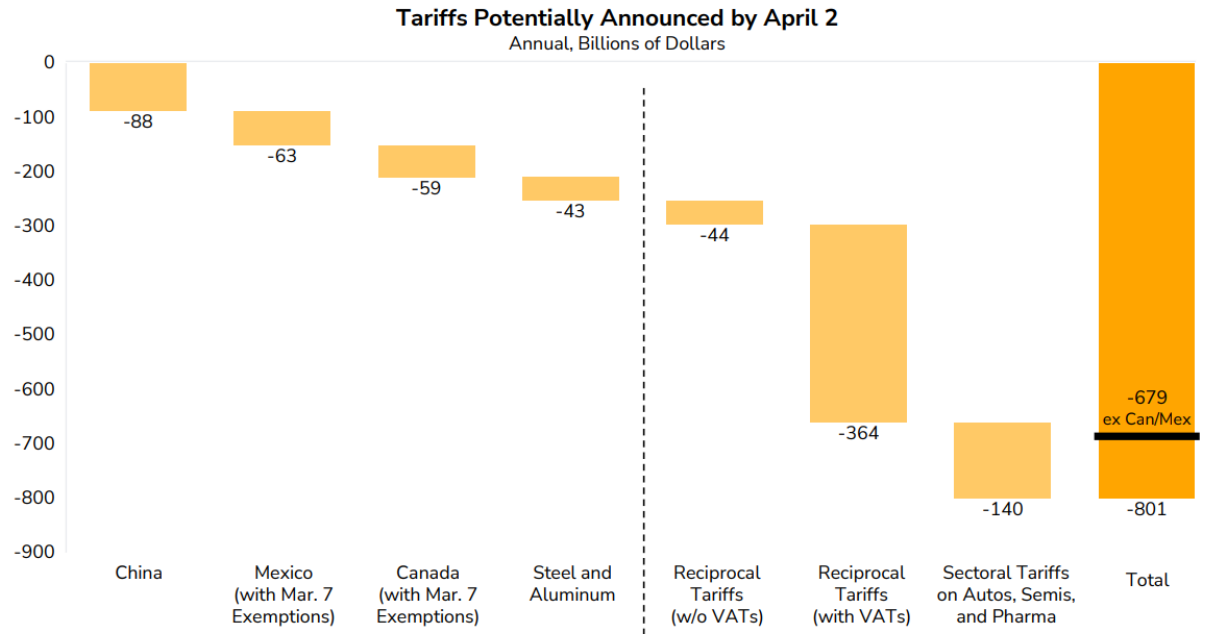


Source: Bloomberg

'Tariff Man' (Trump) has everyone on edge for "Liberation Day" on April 2nd. The Charts below may seem a little busy, but the point is Trump views the Tariffs as a revenue generator and if Wolfe's Research is correct up to \$800 billion tariff revenue.

How Far We've Come, and How Far We Could Go

Our Estimates of Tariffs Potentially Announced by April 2, Depending on Reciprocal Tariff Implementation

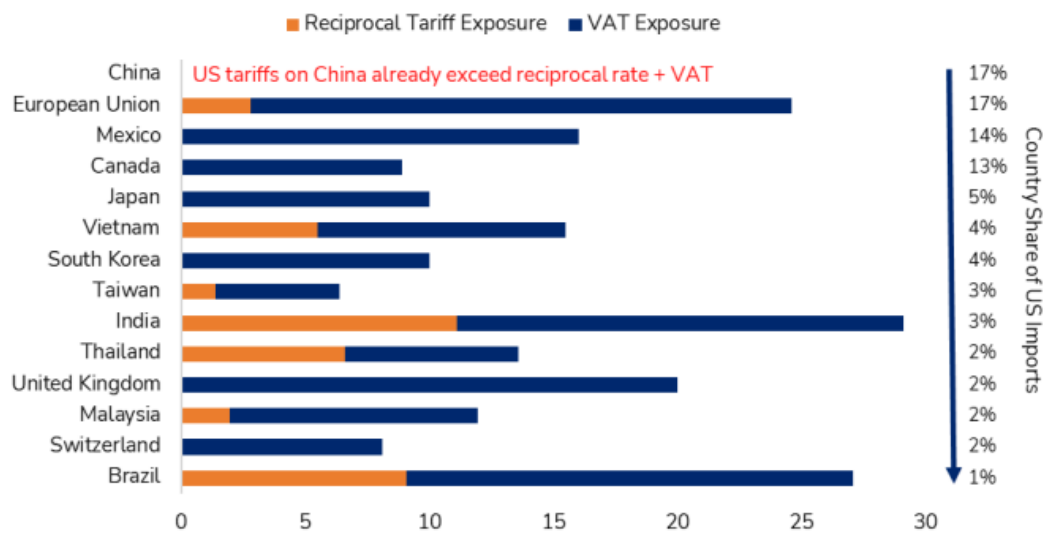


Source: Wolfe DC Policy, Haver, Treasury, Census, BEA, World Bank PWC, USITC



On Reciprocal Tariffs, the Treatment of VATs Is the Decisive Factor

Exposure to Reciprocal Tariff Policy by Country, With and Without Inclusion of VATs in Rate Calculations



Source: Wolfe DC Policy, PWC, World Bank WITS as of 2022. Note: EU VAT rate calculated as the average of standard rates of member countries; Canadian VAT rate calculated as weighted average of provincial GST/HST.

Source: Wolfe Research

Trump says there will be 'flexibility' on tariffs forthcoming April 2nd. After that announcement on Friday near noon the Nasdaq rallied 1.4%. What does it mean? and how will Canada fair in the Trump 2.0 regime?

Writing in the Wall Street Journal, Ferguson cites what he calls 'Ferguson's Law', taken from an essay by Adam Ferguson in 1767, that it is perilous for a great power to spend more on its debt than it does on defense.

The historian says that crossing this threshold has spelt disaster for empires from Habsburg Spain in the 16th century to Bourbon France in the 18th century.

Ferguson said the US began violating 'Ferguson's Law' for the first time in nearly a century in 2024 when spending on servicing its debt (\$1.124trillion) exceeded its defense spending (\$1.107trillion).

Ferguson said that this 'crucial threshold' tends to destroy a great power's geopolitical grip and 'leaves it vulnerable to military challenge.' February 21st, 2025, Niall Ferguson

Is this what is driving Trump 2.0? In my opinion, Yes. Canada needs to spend much more on defence. It's a common theme coming out of the White House or Canada will need to pay a fee for U.S. protection. That may be part of the end game. Gold took off in 2024, not on any observable crisis like Covid, Banking Crisis or Ukraine War. Obviously the current situation is complex but this seems to be a new driving force to address the U.S. Government deficit. By the way, the U.S. has sold 1000 Gold Visas for \$5M each to raise \$5B.

The Fund is prepared for multiple outcomes and using market swings to add or remove exposures. The Fund has small hedges on the Canadian Banks and the XIU. The Fund increased small to equity exposure and to bonds. The "chop" in the market continues, although we may see a continuation of the bounce into quarter end. Tariffs or 'Liberation Day" will be announced April 2nd. Rotation and stock selection is the course of action.

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 seven interest rate cuts so far this cycle, the latest being 25 bps for a total of 225 bps. The direction of Fed Funds and BoC rate are both wait and see mode. The probability of a May 17th Fed cut is 20% and a 83% chance June 18th. Our biggest sectors: Energy (8.7%), Industrials (8.6%), Financials (8.4%), Materials (5.7%) and Info Tech (4.9%). I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of March 21, 2025

1.	VanEck Junior Gold Miners - GDXJ	Materials
2.	Chartwell Retirement – CSH.UN	REITS
3.	MDA Space – MDA	Industrials
4.	Canadian Imperial Bank - CM	Financials
5.	Pembina Pipelines - PPL	Energy
6.	Manulife – MFC	Financials
7.	Sun Life - SLF	Financials
8.	Royal Bank - RY	Financials
9.	Arc Resources – ARX	Energy
10.	Canadian Pacific – CP	Industrials

The Exemplar Growth & Income Series FD was +0.69% last week and is -0.15% 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.

March 21st, 2025 Asset Allocation: 10.2% cash; 32.0% bonds; 11.6% commodities and 50.6% equities*; 21.3% \$US, 4.9% JPY, 7.5% EUR, 1.9% AUD, 2.8% Other

March 14th, 2025 Asset Allocation: 14.3% cash; 23.7% bonds; 11.4% commodities and 54.8% equities*; 20.0% \$US, 4.9% JPY, 7.5% EUR, 1.9% AUD, 2.8% Other

*Net exposure to equities

Top 10 Equity Holdings as of March 21, 2024

1.	Amazon - AMZN	Consumer Discretionary
2.	Meta Platforms – META	Communication Services
3.	Berkshire Hathaway – BRK/B	Financials
4.	JPMorgan Chase - JPM	Financials
5.	Netflix – NFLX	Communication Services
6.	Alphabet - GOOG	Communication Services
7.	Take-Two Interactive - TTWO	Communication Services
8.	Suncor Energy – SU	Energy
9.	Gibson Energy – GEI	Energy
10.	PPL Corp - PPL	Utilities

The Exemplar Global Growth & Income Series FD was -0.09% last week and is +1.00% year to date.

Thanks,

Arrow Investment Team

Historical Performance – As of February 28, 2025

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	12.34%	1.96%	5.39%	6.59%
EGGIF – Series F	9.44%	2.42%		1.28%

Published March 24, 2025

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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.