

EXEMPLAR GROWTH AND INCOME FUND

commentary – Week ending March 28, 2025



March 28th, 2025 Asset Allocation: 12.4% cash; 24.8% bonds; 6.4% commodities (4.0% GLD ETF/ 1.3 SLV/ 1.1% IBIT) and 56.4% equities*; 28.6% \$US

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

*Net exposure to equities: 44%

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.07%	+3.48%
iShares Core Canada Bond Index ETF	+0.00%	+1.67%
Gold (GLD ETF)	+2.08%	+17.55%
USD/CAD	-0.22%	-0.50%
ACWI (ETF)	-1.47%	-1.07%
S&P 500 (SPX ETF)	-1.52%	-4.81%
Nasdaq (QQQ ETF)	-2.33%	-8.14%
S&P/TSX (XIU ETF)	-0.81%	+0.91%
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EGIF – Series FD	-0.44%	-0.58%
EKGIF – Series FD	-0.69%	+0.30%

March 21, 2025 to March 28, 2025

We are pleased to announce that the Fund hit its 10-year milestone back on March 17th. The Fund has achieved a 10-year compound annual return of 6.44% as of March 28, 2025, which is our objective over time (5-8%). We also recorded a short 10-minute update video last week on how the Fund is positioned and managing ‘Trump Policy’ along with our Growth & Inflation forecasts. [You can access this update by clicking here.](#)

“There are decades where nothing happens; and there are weeks where decades happen.”
– Vladimir Ilyich Lenin

Every week seems to be packed with change. The only constant is Gold, the runaway winner, again. All other asset classes experienced a sell off while Bonds were flat. The behavior in the bond market deserves close attention. Since the Fed began cutting rates this cycle bond yields rose from 3.6% on the first cut to 4.8% mid January of this year. Normally bond yields would fall with Fed Fund cuts unless the bond market believes inflation is not being addressed. Core PCE went from 2.66% in September 2024 to 2.86% December 2024. Currently Core PCE is 2.79%. Core PCE (Personal Consumption Expenditure) is the Fed’s measure of inflation. The consensus is inflation will re-accelerate as it did in the 1970’s with a second wave. The March University of Michigan Survey 1yr inflation rose to 5% and the 5-10yr inflation rose to 4.1%. The bond market rallied Friday despite the new inflation survey numbers.

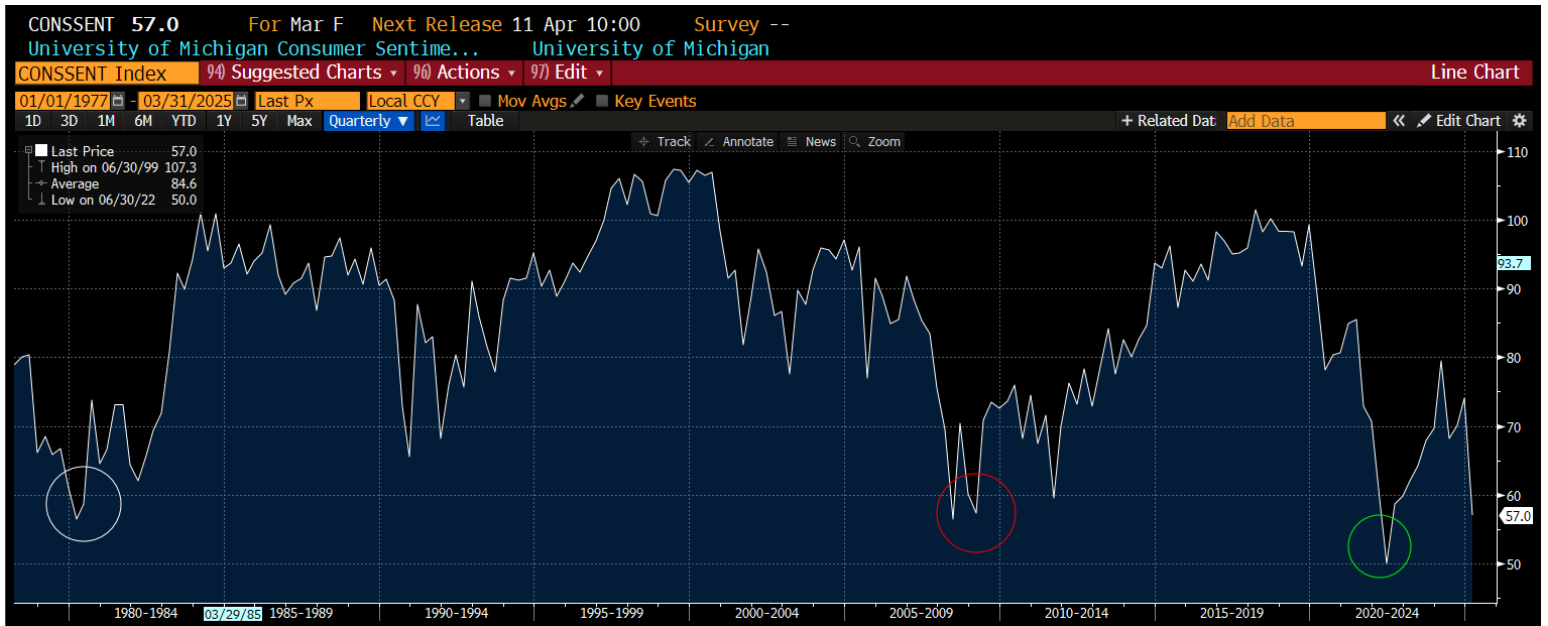
U.S. Government 10-year Bond Index – August 26, 2024 to March 28, 2025



Source: Bloomberg

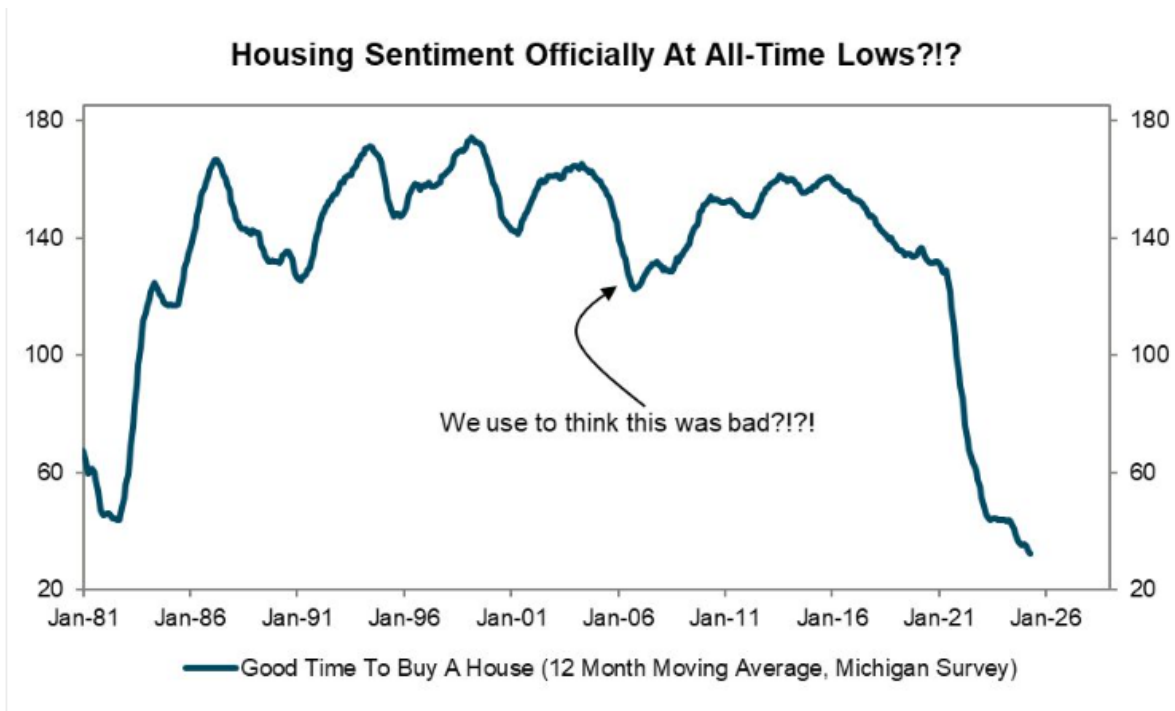
The University of Michigan Sentiment Survey for March fell again to 57. Last time this low, recession of 1980 and Great Financial Crisis but not quite as low as the Covid low.

University of Michigan Consumer Sentiment Survey Index – January 1977 to March 2025



Source: Bloomberg

Housing sentiment reflects affordability and today the 30yr Mortgage rate sits at 6.77%.



Source: Francois Trahan, The Macro Institute

High inflation expectations and poor sentiment is a recipe for ‘stagflation’.

The Fund is prepared for multiple outcomes and using market swings to add or remove exposures. The Fund has hedges on the Canadian Banks and the XIU. The Fund increased small to bonds and extended duration small. The “chop” in the market continues. 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 86% chance June 18th. Our biggest sectors: Energy (9.0%), Financials (8.7%), Industrials (8.6%), Materials (5.9%) and Info Tech (4.8%). I’ve added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of March 28, 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. | Arc Resources – ARX | Energy |
| 8. | Sun Life - SLF | Financials |
| 9. | Enbridge - ENB | Energy |
| 10. | Canadian Pacific – CP | Industrials |

The Exemplar Growth & Income Series FD was -0.44% last week and is -0.58% 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 28th, 2025 Asset Allocation: 13.3% cash; 33.9% bonds; 13.2% commodities and 40.1% equities*; 18.9% \$US, 4.9% JPY, 7.5% EUR, 1.9% AUD, 2.8% Other

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

*Net exposure to equities

Top 10 Equity Holdings as of March 28, 2024

1.	Amazon - AMZN	Consumer Discretionary
2.	Meta Platforms – META	Communication Services
3.	Take-Two Interactive - TTWO	Communication Services
4.	Berkshire Hathaway – BRK/B	Financials
5.	JPMorgan Chase - JPM	Financials
6.	Agnico Eagle – AEM	Materials
7.	Pembina Pipelines - PPL	Energy
8.	Chevron - CVX	Energy
9.	Suncor Energy – SU	Energy
10.	Gibson Energy – GEI	Energy

The Exemplar Global Growth & Income Series FD was -0.69% last week and is +0.30% 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 31, 2025

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.