

# EXEMPLAR GROWTH AND INCOME FUND

## commentary – Week ending May 16, 2025



May 16th, 2025 Asset Allocation: 12.1% cash; 21.8% bonds; 5.8% commodities (3.2% GLD ETF/ 1.2% SLV/ 1.4% IBIT) and 60.3% equities\*; 20.9% \$US

May 9th, 2025 Asset Allocation: 13.0% cash; 23.6% bonds; 6.3% commodities (3.7% GLD ETF/ 1.2% SLV/ 1.4% IBIT) and 57.1% equities\*; 21.1% \$US

\*Net exposure to equities: 60.3%

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	-0.40%	+2.93%
iShares Core Canada Bond Index ETF	+0.04%	+1.21%
Gold (GLD ETF)	-3.65%	+22.07%
USD/CAD	+0.24%	-2.92%
ACWI (ETF)	+4.12%	+1.39%
S&P 500 (SPX ETF)	+5.33%	+1.81%
Nasdaq (QQQ ETF)	+6.87%	+2.16%
S&P/TSX (XIU ETF)	+2.74%	+6.46%
EGIF – Series FD	+1.24%	+1.55%
EGGIF – Series FD	+0.75%	+1.35%

May 9, 2025 to May 16, 2025

***“The U.S. just lost its last pristine credit rating. U.S. loses last perfect credit rating amid rising debt.” – May 16th, 2025***

Gold and U.S. treasuries declined last week. The USD and equities rose while Canadian bonds treaded water. The last rating agency to downgrade U.S. government debt was Moody's and it happened on Friday after markets closed. Immediately in the futures market equities sold off 80 bps and 10-yr treasury yields went up to 4.50%. Is this the catalyst to start a sell off again or just another hurdle for the market to worry about? S&P Global Ratings cut U.S. government rating in 2011 and Fitch cut the U.S. government rating in 2023. Moody's said it expects federal debt to increase to around 134% of gross domestic product (GDP) by 2035, up from 98% last year. Sunday night, Congress is expected to vote again on 'Trump's Beautiful Spending Bill' after failing Friday in the House Budget Committee. Last week's rally was attributed to the de-escalation of trade tensions between China and the U.S. One thing becoming clear is the U.S. intends to keep tariffs at a baseline of 10% for all countries.

Below is the MSCI World/Finance Index. The Index broke out to new highs in the 3rd quarter of last year and this quarter retested the breakout and has gone on to new highs. The steepening yield curve has helped, Germany unleashing \$500B in spending, prospect of peace and rebuilding in Ukraine and Gaza and de-regulation in the banking sector. Financials heading higher is a positive sign for the equity market.

MSCI World/Finance Index – January 1, 1994 to May 16, 2025



Source: Bloomberg

The Fund is prepared for multiple outcomes and using market swings to add or remove exposures. The Fund sold some gold and made small changes throughout the portfolio. 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 June 18th Fed cut is 9% and a 35% chance July 30th. Our biggest sectors: Industrials (9.8%), Financials (9.5%), Energy (8.8%), Materials (6.1%) and Information Technology (4.6%). I’ve added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of May 16, 2025

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

\*EGIF Top 10 Equity Holdings exposure: 11.4%

The Exemplar Growth & Income Series FD was +1.24% last week and is +1.55% 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.

May 16th, 2025 Asset Allocation: 10.5% cash; 22.8% bonds; 10.2% commodities and 58.8% equities\*; 25.4% \$US, 6.9% EUR, 1.9% AUD, 0.1% JPY, 3.0% Other

May 9th, 2025 Asset Allocation: 15.0% cash; 30.4% bonds; 9.9% commodities and 46.4% equities\*; 21.9% \$US, 5.0% JPY, 6.5% EUR, 1.9% AUD, 3.0% Other

\*Net exposure to equities

Top 10 Equity Holdings as of May 16, 2024

1.	Amazon – AMZN	Consumer Discretionary
2.	AT&T – T	Communications
3.	Microsoft – MFST	Information Technology
4.	Take-Two Interactive – TTWO	Communications
5.	Netflix – NFLX	Communications
6.	Chubb – CB	Financials
7.	Danone – BN.FP	Consumer Staples
8.	JP Morgan Chase – JPM	Financials
9.	Visa – V	Financials
10.	Charles Schwab – SCHW	Financials

The Exemplar Global Growth & Income Series FD was +0.75% last week and is +1.35% year to date.

Thanks,

Arrow Investment Team

Historical Performance – As of April 30, 2025

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	10.05%	1.97%	5.01%	6.31%
EGGIF – Series F	6.17%	2.39%		0.63%

Published May 20, 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.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or construed as an endorsement or recommendation of any entity or security discussed. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

Certain statements in this document are forward-looking. Forward-looking statements (“FLS”) are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what Arrow Capital Management and the portfolio manager believe to be reasonable assumptions, neither Arrow Capital Management nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

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).