

# EXEMPLAR GROWTH & INCOME FUND

Week ending June 10, 2022



June 10th, 2022 Asset Allocation: 43.5% cash; 37.5% bonds; 6.5% commodities (GLD/PSLV ETF) and 12.5% equities\*; 43.0% \$US and 3.7% (non N. American equities)

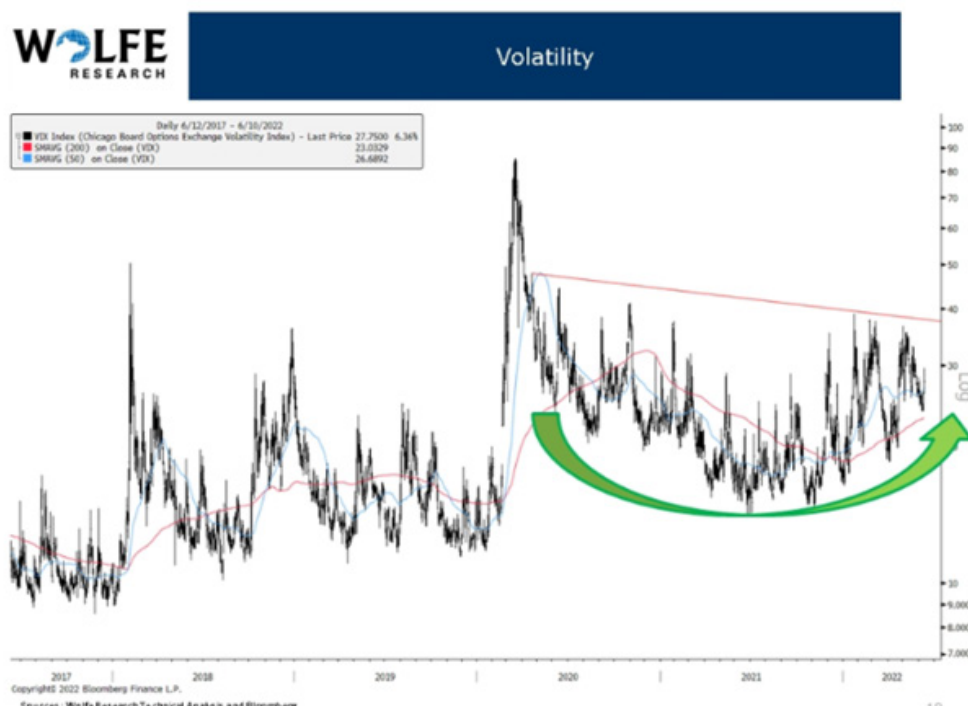
June 3rd, 2022 Asset Allocation: 32.6% cash; 37.8% bonds; 6.4% commodities (GLD/PSLV ETF) and 23.2% equities\*; 43.0% \$US and 3.7% (non N. American equities)

\*Net exposure to equities

	Last Week*	Year to Date
US 10-yr Yield	+22 bps	+164 bps
Gold	+\$US20	+\$US45
S&P 500	-5.05%	-18.16%
Nasdaq	-5.60%	-27.52%
S&P/TSX	-2.48%	-4.47%
EGIF – Series F	-0.08%	-5.82%

\* June 3, 2022 to June 10, 2022

Last week, equities continued the 'bigger' trend - down. The market began positioning for Friday's action Wednesday. MBA Mortgage Applications continued to be weak down -6.5% but the big data, a 'hot' CPI print of 1% MoM beat the expectations of 0.7%. In addition, University of Michigan Sentiment, Current Conditions and Expectations dropped dramatically. Bottom line - the Fed needs to continue to hike rates but the consumer is already struggling. Real Average Weekly earnings declined 3.9% YoY. The VIX Index finished the week at 27.75, 3 points higher than the week before. The VIX Index spent the week between 29.63 and 23.74, an expanding range. We expect volatility to continue. June will be the worst YoY comparisons economically and with the VIX Index expanding, Fed meeting this coming Wednesday and a \$3.2Trillion (HUGE) option expiry this coming Friday, it seemed appropriate to reduce our equities this week dramatically to 'risk manage' through the situation.



Source: Wolfe Research

The Fund is very active increasing and decreasing equity exposure. Our current asset allocation is due to our expectation that GDP will decelerate more from here, especially through June and inflation will peak soon. Our view is the environment is a Quad 4. The environment is challenging but we expect bond yields to go

down and U.S. dollar to go up if equity drawdowns continue. The U.S. dollar is our biggest exposure and was a big contributor to our performance last week. Our thoughts are the U.S. dollar will strengthen and break out to new highs as the Fed ratchets up rates and starts quantitative tightening.



Source: Wolfe Research

The Fund is positioned for further deceleration in GDP growth and a roll over in inflation (but stay high). The Fund will tactically trade equities, either through outright sales or 'shorting'. The Fed is tightening liquidity conditions to tame inflation. Quantitative tightening started June 1st.

Our biggest sectors are: Utilities (6.0%), Energy (5.5%), HealthCare (4.1%), Consumer Staples (3.9%) and Industrials (3.5%) . I've added our Top 10 Equity Holdings below for this week.

**Top 10 Equity Holdings as of June 10, 2022**

- Algonquin Power - AQN
- Wheaton Precious Metals - WPM
- Pembina Pipeline - PPL
- CVS Health Corporation - CVS
- Enbridge - ENB
- Parkland -PKI
- Keyera - KEY
- Loblaw – L
- Franco Nevada - FNV
- National Bank - NA

The Exemplar Growth & Income Series F was -0.08% last week and is -5.82% year to date.

**Historical Performance – As of May 31, 2022**

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	0.77%	6.85%	7.66%	7.85%

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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).

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