

EXEMPLAR GROWTH & INCOME FUND

Week ending June 3, 2022



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)

May 27th, 2022 Asset Allocation: 28.8% cash; 37.6% bonds; 6.4% commodities (GLD/PSLV ETF) and 27.2% equities*; 40.0% \$US and 3.7% (non N. American equities)

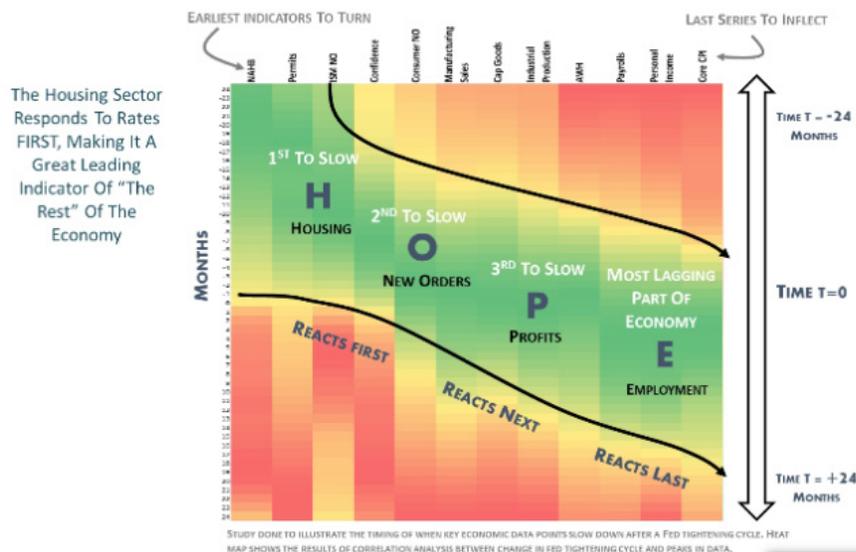
*Net exposure to equities

	Last Week*	Year to Date
US 10-yr Yield	+20 bps	+142 bps
Gold	-\$US2	+\$US25
S&P 500	+1.25%	-13.80%
Nasdaq	+2.32%	-23.22%
S&P/TSX	+0.20%	-2.04%
EGIF – Series F	-1.45%	-5.74%

* May 27, 2022 to June 3, 2022

Last week, equities continued to move up until the Friday jobs report was announced above expectations. Strong economic data will allow the Fed to continue to move rates higher. Employment is a lagging indicator and always the last shoe to drop. The VIX Index finished the week at 24.79, 1 point lower than last week. The VIX Index spent the week between 28.35 and 24.33, a tighter range. The tight range could be a prelude to a larger move in VIX. We expect volatility to continue.

A ROADMAP FOR HOW THE ECONOMY RESPONDS TO CHANGES IN RATES



Source: Piper Sandler

Last week, in the weekly it was demonstrated that housing was already slowing, so next should be Orders and Earnings. Microsoft, the juggernaut, pre-announced second quarter earnings will be light due to forex translation. The correction to date has been primarily multiple compression, the next phase will be earnings decline. To date two sectors have inflected to negative earnings growth (Communication Services and Consumer Discretionary), the rise in rates should cause more sectors to inflect negatively.

Piper Sandler	S&P 500				Change During Year			% Attribution	
	Year	Price	NTM EPS	P/E	Annual Return	Δ NTM EPS (%)	Δ P/E (pts)	EPS %	PE %
S&P 500	2022	4,177	\$ 235.73	17.7	(12.4%)	6.7%	-3.9	6.7%	(19.1%)
Energy	2022	668	\$ 61.76	10.8	57.9%	59.7%	-0.1	59.7%	(1.8%)
Utilities	2022	377	\$ 18.04	20.9	3.8%	2.9%	0.2	2.9%	0.9%
Materials	2022	548	\$ 37.45	14.6	(3.8%)	12.3%	-2.5	12.3%	(16.1%)
Staples	2022	773	\$ 37.34	20.7	(4.0%)	1.5%	-1.2	1.5%	(5.5%)
Health Care	2022	1,528	\$ 95.54	16.0	(7.1%)	0.7%	-1.3	0.7%	(7.8%)
Industrials	2022	808	\$ 46.05	17.6	(9.7%)	6.7%	-3.2	6.7%	(16.4%)
Financials	2022	587	\$ 46.14	12.7	(9.7%)	4.4%	-2.0	4.4%	(14.1%)
Real Estate	2022	277	\$ 6.76	41.1	(14.6%)	10.9%	-12.2	15.5%	(36.3%)
Info Tech	2022	2,504	\$ 117.08	21.4	(18.0%)	7.9%	-6.8	7.9%	(25.9%)
Comm Svcs	2022	205	\$ 12.89	15.9	(23.2%)	(0.5%)	-4.7	(0.5%)	(22.8%)
Discretionary	2022	1,236	\$ 50.47	24.5	(23.3%)	(1.4%)	-7.0	(1.4%)	(21.9%)

Source: Piper Sandler

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. Bond yields retraced 20 bps this past week. The U.S. dollar weaker versus the Canadian dollar this past week. Both negatively impacted our performance. The chart below shows a divergence which in the past has led to lower 10 Yr yields.



Source: Bear Traps Report

The Fund is positioned for further deceleration in GDP growth and a roll over in inflation. 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 (5.9%), Energy (5.2%), Real Estate (4.6%), HealthCare (4.0%) and Consumer Staples (4.0%) . I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of June 3, 2022

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

The Exemplar Growth & Income Series F was -1.45% last week and is -5.74% year to date.

Historical Performance – As of April 30, 2022

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	3.78%	7.95%	7.94%	8.18%

Published Date: June 6, 2022

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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.

Published June 6, 2022.