

EXEMPLAR GROWTH & INCOME FUND

Week ending November 11, 2022



November 11th, 2022 Asset Allocation: 24.9% cash; 36.6% bonds; 6.0% commodities (GLD ETF) and 32.5% equities*; 36.0% \$US, and 2.9% (non N. American equities)

November 4th, 2022 Asset Allocation: 34.4% cash; 36.3% bonds; 5.8% commodities (GLD ETF) and 23.5% equities*; 42.0% \$US, and 2.9% (non N. American equities)

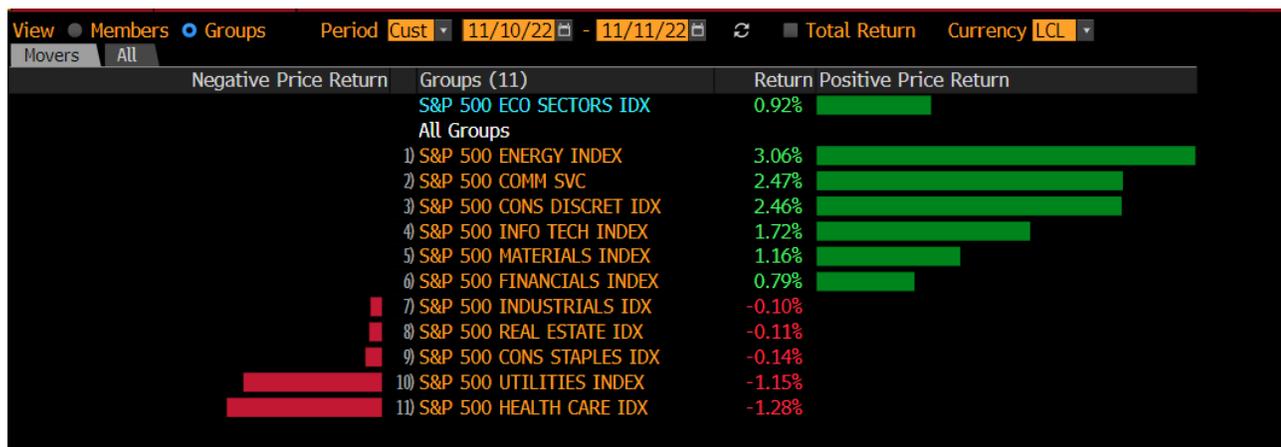
*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+2.62%	-15.35%
Scotia Canada Bond Index	+1.89%	-11.41%
Gold	+5.30%	-2.22%
S&P 500	+5.90%	-16.22%
Nasdaq	+8.10%	-27.62%
S&P/TSX	+5.40%	-2.47%
EGIF – Series F	-0.47%	-9.32%

November 4, 2022 to November 11, 2022

A wild week! Unfortunately not one we were positioned for – at least Thursday and Friday. As the table above shows everything was up last week. That also included the Canadian dollar which was up over 1.5% vs the \$USD of which the Fund held over 40%. That negated some of the gains in our bonds and equities. The most painful part was the sector rotation within the market: low vol sectors were sold and high beta sectors bought in earnest on Friday (see below). Again, our portfolio was skewed to low vol or defensive sectors ie Staples, Healthcare. The Fund was up each day last week except Friday. Is the violent move up a signal of the beginning of a more sustained rally (like the Pfizer vaccine in November 2020) or is this a 'Bear' market rally? We have seen weeks like this before this year only to eventually succumb to a sell off. I am of the opinion it will be another 'Bear' market rally, although the upside may surprise. Seasonality is strong but 2018 Q4 was painful and interest rates were rising then too. The reaction function of the market matters most or the 'narrative' – its possible the new market 'narrative' is, bad economic data is good news ie jobless claims up - is positive for stocks. Stocks announcing layoffs is positive for that particular stock. Layoffs will bring the Fed pivot closer into focus. Will inflation be at their target to justify a pivot? At what point, as unemployment rises, will the Fed pause or cut rates? Needless to say fast challenging markets. The economic data is getting worse but how stocks react to the information is what to be mindful of even if its short term.

S&P 500 Sector Returns November 11, 2022



Source: Bloomberg

Earnings season is 90% complete and Energy, Consumer Discretionary and Real Estate were the top 3. Utilities and Staples also remained positive on earnings growth. The fourth quarter is not looking as good as analysts begin to bring down their forecasts and have earnings growth going negative.

After cutting S&P 500 earnings estimates for nine straight weeks, analysts have finally priced in negative earnings growth for the final quarter of this year. According to Bloomberg Intelligence, analysts now project S&P 500 earnings to decline 0.39% year-over-year in the fourth quarter, down from August's expectations of 6% growth.

Company fundamentals may have taken a back seat to macro issues this week, when a softer-than-expected inflation report sent the S&P 500 on its best one-day surge in over two years.

But that may not be cause for bulls to celebrate, as rising prices were a key driver of earnings beats for many companies this year, according to Dennis DeBusschere, founder of 22V Research.

Source: Bloomberg Intelligence

S&P 500 3Q Sector Revenue and Earnings Growth

S&P 500 INDEX		CQ3 Ending: 8/16/2022 - 11/15/2022		Periodicity: Quarter	
Surprise	Growth	Reported	Sales Growth	Earnings Growth	
1) All Securities	461 / 500		12.15%	3.89%	
12) > Technology	46 / 57		4.50%	-11.98%	
13) > Telecommunications	10 / 11		-5.81%	-4.43%	
14) > Health Care	55 / 59		5.06%	-2.57%	
15) > Financials	65 / 65		6.45%	-14.65%	
16) > Real Estate	32 / 32		13.92%	18.70%	
17) > Consumer Discretionary	64 / 77		21.68%	23.39%	
18) > Consumer Staples	28 / 34		6.38%	1.74%	
19) > Industrials	86 / 90		8.42%	-0.47%	
20) > Basic Materials	18 / 18		5.20%	-19.52%	
21) > Energy	25 / 25		49.95%	149.22%	
22) > Utilities	32 / 32		14.25%	3.26%	

Source: Bloomberg

The week was dominated by FTX, a crypto Exchange platform that filed for bankruptcy Friday. Elon Musk, claims twitter may have to file for bankruptcy unless revenues improve. China again reiterated they are opening up as Covid cases surge. Ukraine recaptured Kherson, and now the U.S. wants to see a negotiated settlement to the war with Russia. Hard to interpret Thursday's big up move but big up moves occur in 'Bear' markets either during or at the end.

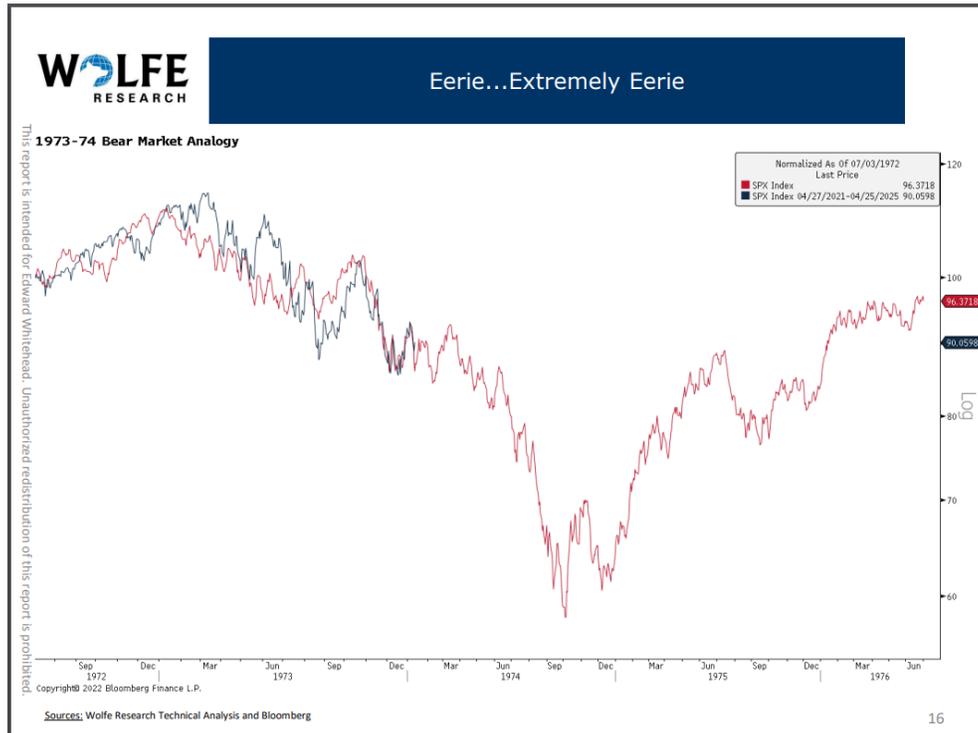
Biggest 1-Day Moves In S&P 500 Going Back To 1940

Date	1-Day Rise	1 Day Later	5 Day Later	3 M Later	1 Year Later	18 M Later	
1	10/13/08	11.58%	-0.5%	-1.8%	-13.3%	6.8%	19.3%
2	10/28/08	10.79%	-1.1%	6.9%	-7.1%	13.4%	26.7%
3	3/24/20	9.38%	1.2%	5.6%	27.4%	61.0%	78.1%
4	3/13/20	9.29%	-12.0%	-15.0%	10.7%	45.3%	65.7%
5	10/21/87	9.10%	-3.9%	-9.7%	-6.1%	7.0%	18.4%
6	5/17/48	7.93%	-1.3%	-0.4%	-5.5%	-10.4%	-5.2%
7	3/23/09	7.08%	-2.0%	-4.3%	11.9%	40.9%	36.8%
8	4/6/20	7.03%	-0.2%	6.8%	19.4%	53.1%	63.6%
9	11/13/08	6.92%	-4.2%	-17.4%	-9.3%	20.5%	24.6%
10	11/24/08	6.47%	0.7%	-0.4%	-10.2%	28.1%	26.1%
11	3/10/09	6.37%	0.2%	8.1%	30.5%	58.2%	53.5%
12	11/21/08	6.32%	6.5%	2.0%	-3.4%	36.9%	34.2%
13	3/26/20	6.24%	-3.4%	-3.9%	16.0%	47.9%	67.1%
14	3/17/20	6.00%	-5.2%	-3.2%	21.2%	56.9%	76.7%
15	7/24/02	5.73%	-0.6%	8.1%	6.7%	17.2%	36.1%
16	11/7/40	5.56%	-1.4%	-1.9%	-10.8%	-16.2%	-31.4%
17	11/10/22	5.54%					
18	9/30/08	5.42%	-0.5%	-14.6%	-25.5%	-8.9%	0.6%
19	7/29/02	5.41%	0.4%	-7.2%	-1.8%	11.1%	28.5%
20	10/20/87	5.33%	9.1%	-1.5%	5.3%	16.3%	27.4%
21	12/16/08	5.14%	-1.0%	-5.5%	-13.0%	22.0%	22.1%
Avg			-1.0%	-2.5%	2.2%	25.4%	33.4%

Source: Michael Kantowitz, Piper Sandler, Chief Investment Strategy

Note: This page is not complete without disclaimers on the last page.
 Arrow Capital Management Inc. | arrow-capital.com | info@arrow-capital.com

'Bear' market rallies look the same as the beginning of 'Bull' markets but with interest rates still forecast to rise, it remains doubtful in my mind that this is a 'bull' market. Market of today following similar path of 1973/74 'Bear' market. Different era and different market make up, but similar none the less.



Source: Wolfe Research Technical Analysis and Bloomberg

The Fund is very active increasing and decreasing equity exposure. The Fund is positioned for further deceleration in GDP growth and a deceleration in inflation (but stay high this year). The Fund will tactically trade equities, either through outright sales or 'shorting'. The Fed is focused on reducing inflation and will continue to raise Fed Funds rate out till year end and likely beyond. Our biggest sectors are: Energy (6.8%), Consumer Staples (5.9%), HealthCare (5.7%) , Utilities (4.8%) and Materials (3.4%). I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of November 11, 2022

- Franco Nevada – FNV
- Archer-Daniels-Midland – ADM
- Pembina Pipelines – PPL
- Canadian Pacific – CP
- United HealthCare – UNH
- McKesson - MCK
- Tourmaline - TOU
- CVS HealthCare – CVS
- Keyera - KEY
- Emera – EMA

The Exemplar Growth & Income Series F was -0.47% last week and is -9.32% year to date.

Historical Performance – As of October 31, 2022

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	-6.65%	5.15%	5.33%	6.86%

Published Date: November 14, 2022

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.

Published November 14, 2022.