

# EXEMPLAR GROWTH & INCOME FUND

Week ending November 18, 2022



November 18th, 2022 Asset Allocation: 29.3% cash; 41.3% bonds; 6.0% commodities (GLD ETF) and 23.4% equities\*; 36.0% \$US, and 2.9% (non N. American equities)

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)

\*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.20%	-15.18%
Scotia Canada Bond Index	+0.06%	-11.35%
Gold	-0.28%	-4.31%
S&P 500	-0.69%	-16.80%
Nasdaq	-1.57%	-28.76%
S&P/TSX	-0.65%	-5.85%
EGIF – Series F	+0.40%	-8.95%

November 11, 2022 to November 18, 2022

A better week for the Fund as traditional Quad 4 asset classes and sectors outperformed (see sectors below). Although, the Fed is likely to only hike 50 bps in December, it's still a hike and Financial Conditions will tighten further. The real focus should be GDP and the pace of slowdown. Leading Economic Index came in -0.8% vs expectation of -0.4% for October, the 8th monthly decline; Philadelphia Business Outlook -19.4 vs -6.0 expected; Housing Starts -4.2% vs -2.0% expected; Capacity Utilization 79.9% vs 80.4% expected; and Industrial Production -0.1% vs 0.1% expected. The yield curve inversion (2yr-10yr rates) has reached -68 bps, the last time this level was reached 1981. The inversion is a sign GDP growth is slowing faster than inflation and historically pre dates a recession. The curve will re-steepen when the Fed begins to cut rates. For the curious, 0-1 day options has become the new fad causing volatility, the short dated nature requires the dealer to hedge more because the delta is higher vs long dated options. Index options expire every day now vs years ago once a month. A change in the availability of daily index options has changed the landscape of the markets and I am not sure its for the better.

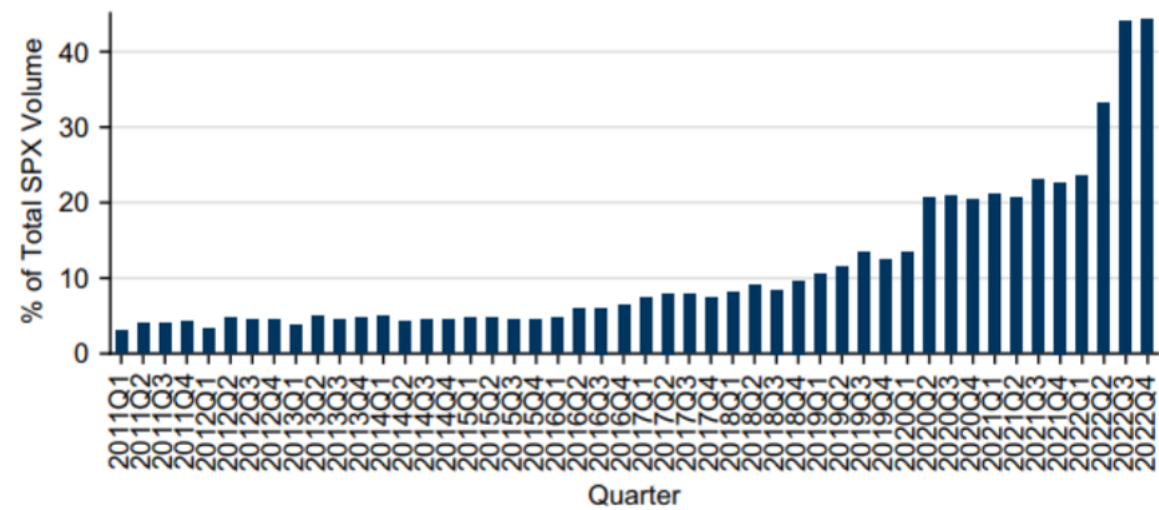
## S&P 500 Sector Returns November 11th to 18th, 2022



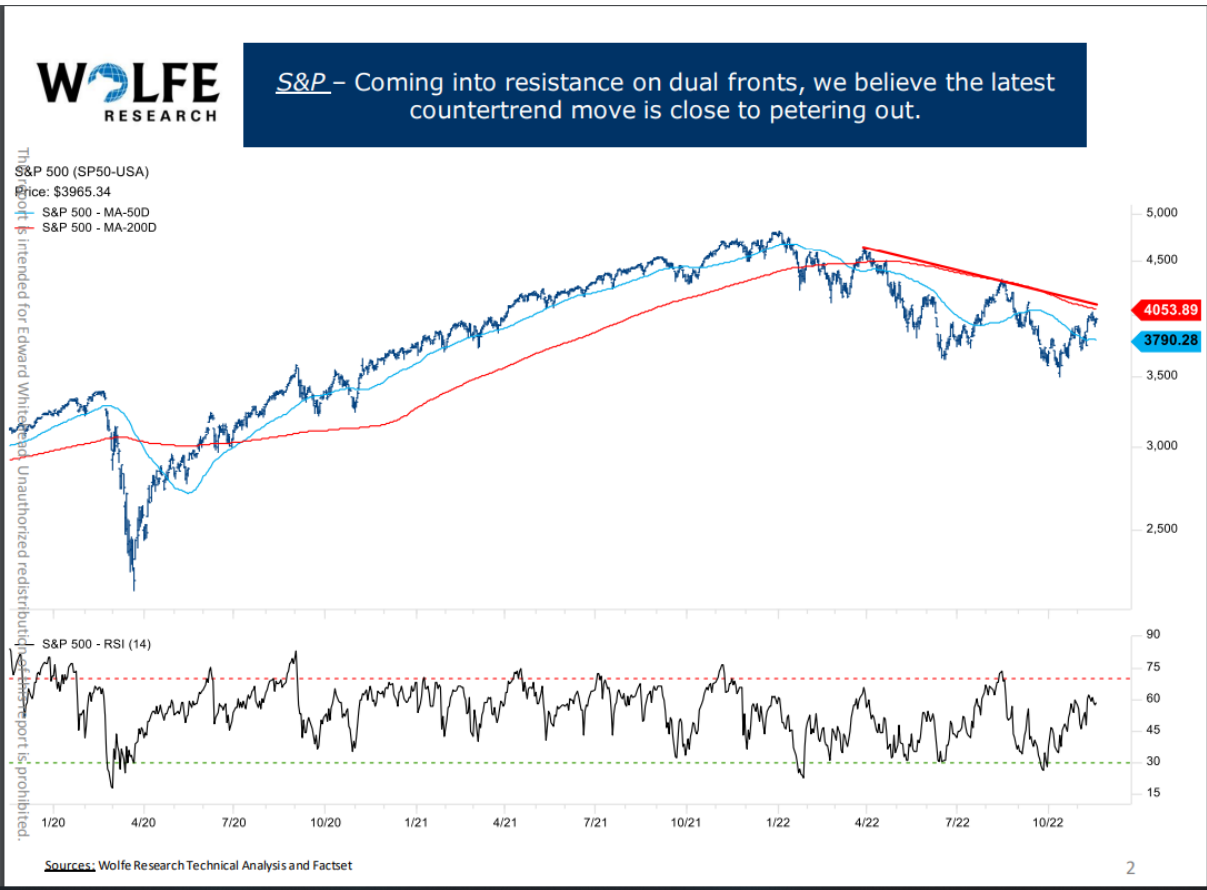
Source: Bloomberg

Measured in notional volume terms, S&P options with less than 24 hours to maturity now represent 44% of the index's trading volume, and have been averaging \$470bln notional per day over the past month....

% of S&P 500 listed volume expiring within 24 hours



Source: Goldman Sachs Global Investment Research, OptionMetrics



Source: Wolfe Research Technical Analysis and Factset

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 (6.9%), HealthCare (6.7%) , Consumer Staples (5.1%), Utilities (4.4%) and Materials (3.7%). I've added our Top 10 Equity Holdings below for this week.

## **Top 10 Equity Holdings as of November 18, 2022**

Archer-Daniels-Midland – ADM

Franco Nevada – FNV

Pembina Pipelines – PPL

Canadian Pacific – CP

United HealthCare – UNH

McKesson - MCK

Tourmaline - TOU

Merck - MRK

CVS HealthCare – CVS

Keyera - KEY

The Exemplar Growth & Income Series F was +0.40% last week and is -8.95% 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%

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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](http://www.arrow-capital.com).

Published November 21, 2022.