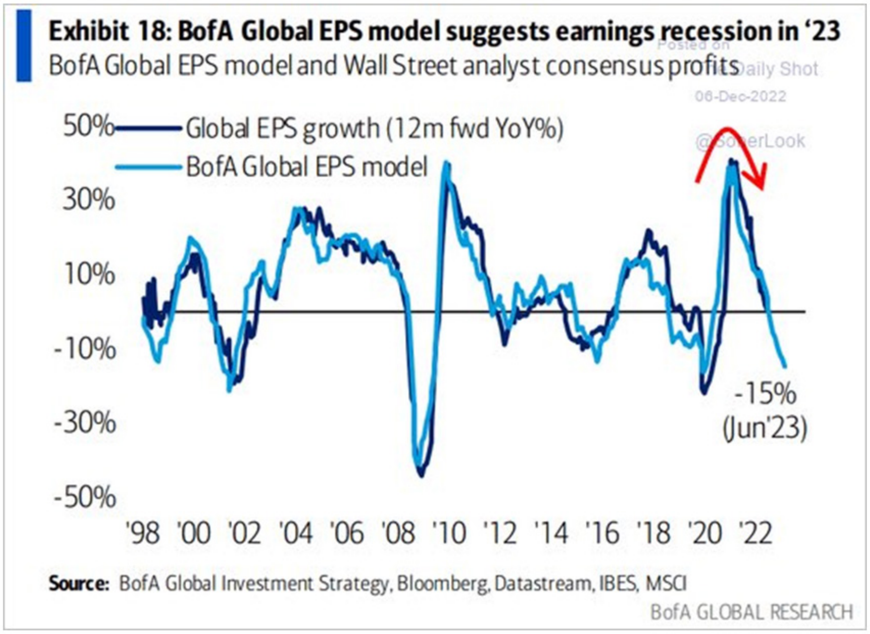
January 20th, 2023 Asset Allocation: 17.2% cash; 47.6% bonds; 7.2% commodities (GLD ETF) and 27.9% equities*; 46.0% $US, 2% Yen, and 4.6% (non N. American equities)

January 13th, 2023 Asset Allocation: 16.9% cash; 47.7% bonds; 7.2% commodities (GLD ETF) and 28.2% equities*; 41.0% $US, 2% Yen, and 3.7% (non N. American equities)
*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	**+0.20%**	**+4.23%**
Scotia Canada Bond Index	**+0.29%**	**+3.91%**
Gold	**+0.31%**	**+5.59%**
S&P 500	**-0.27%**	**+3.47%**
Nasdaq	**+1.27%**	**+6.44%**
S&P/TSX	**+0.55%**	**+5.77%**
EGIF – Series F	**-0.25%**	**+1.52%**

January 16, 2023 to January 20, 2023

On Wednesday, the Retail Sales Control Group was -0.7% vs -0.3% expected, PPI Final Demand MoM was -0.5% vs -0.1% expected, Industrial Production MoM was -0.7% vs -0.1% expected, Manufacturing Production -1.3% vs -0.2% expected and New York Fed Services Business Activity -21.4. This type of negative data is what we are expecting and corresponds to our view of a recession in the first half of this year. Friday was the 4th largest single stock option expiry and a total of $797 Billion. From an Index perspective, $1.3 Trillion of options rolled on Friday, the largest non-quarterly expiry on record. Friday markets ripped on the options expiry. Despite the run up during the day, the Market on Close activity was $1.3 Billion for sale. There was no new economic data released Friday. Next week, 25% of the S&P 500 reports earnings. Again, our expectations are more misses. See below BofA Global EPS model.



At the moment the S&P 500 is forming a wedge (see chart below). It could break to either the upside or the downside, but our positioning is for a break to the downside.

S&P 500

Source: Carter Worth, Worth Charting

Last year was all about inflation and the need to raise rates and as a result P/E multiples contracted. 2023 is all about growth and when the recession will arrive. We have seen housing rollover, manufacturing orders rollover, the next will be profits and employment. We expect a rollover in earnings to start appearing this earnings season. Last year inflation helped companies increase prices but this year our belief is a deceleration in inflation will negatively impact earnings. Employment or layoffs will be a consequent of lower profits. To date, 4th quarter earnings are down over 4%, with Technology and Financials the worst while Consumer Discretionary and Energy have been the best.

SPY US Equity | Table | Export | Settings

Range Current Season | CQ4 Ending: 11/16/2022 - 2/15/2023 | Periodicity Quarter

ICB

Surprise | Growth

Industry (ICB)	Reported	Sales Growth	Earnings Growth
11) All Securities	55 / 499	7.41%	-4.49%
12) > Technology	3 / 57	-5.74%	-31.51%
13) > Telecommunications	0 / 11		
14) > Health Care	1 / 58	12.26%	18.20%
15) > Financials	25 / 65	5.48%	-9.29%
16) > Real Estate	1 / 31	37.17%	36.95%
17) > Consumer Discretionary	10 / 77	15.46%	80.59%
18) > Consumer Staples	6 / 34	0.21%	-7.64%
19) > Industrials	6 / 89	1.20%	-6.96%
20) > Basic Materials	1 / 19	10.69%	6.59%
21) > Energy	2 / 26	16.98%	43.58%
22) > Utilities	0 / 32		

Source: 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. The Fund will tactically trade equities, either through outright sales or ‘shorting’. The Fed is focused on reducing inflation and will continue to raise the Fed Funds rate into the 1st quarter of 2023. Our biggest sectors are: Materials (5.7%), Energy (5.1%), HealthCare (4.9%), Industrials (4.2%) and Utilities (4.2%). I’ve added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of January 20, 2023

Pembina – PPL
Agnico Eagle -AEM
McKesson – MCK
Raytheon – RTX
Restaurant Brands – QSR
Amdocs – DOX
Barrick Gold – ABX

Emera – EMA
Superior Plus - SPB

The Exemplar Growth & Income Series F was -0.25% last week and is +1.52% year to date.

Historical Performance – As of December 31, 2022

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	-8.73%	5.08%	4.69%	6.72%

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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.