

The Exemplar Performance Fund returned -6.85% for 2022, compared to the TSX -5.84%, S&P500 -18.11%, and Nasdaq -32.54%.

We started 2022 with the belief that inflation would remain stubbornly high for longer and re-positioned the portfolio to be long assets that would be helped by inflation, and avoiding those that would be hurt by it. This aligned with our long held view that asset prices were being propped up by Fed liquidity and market narratives, that would eventually come to a head with popping of these bubbles ala 2000/01 and 1973/74.

As we enter 2023, we continue to believe that a recession is coming, although it may take longer to play out, as China re-opens and record savings provide a longer cushion. This, along with the Fed getting close to the end of this hiking cycle, is further fueling the 'soft landing' narrative.

This has kicked off animal spirits once again, as the worst performing stocks of 2022 have quickly become the best performing ones in the new year. We are weary that the market is building a false sense of security, especially on the back of a volatile 2022 that may be adding to a more aggressive desire to catch up. We saw a similar dynamic in 2001, when the Nasdaq started the year up 15%+ in the first few weeks, only to end down 20%+. The setup is clearly not identical, but it may rhyme.

We continue to play defense, as the impacts of Fed tightening have yet to play through. We continue to see risk to earnings and the multiple, and we are being patient in taking on new risk, until we see signs that economic indicators and/or earnings are bottoming. e VC industry, financial regulations, or simply a wealth effect, there will be reverberations that have yet to fully play out. As the FED continues to take the liquidity punch bowl away, we expect further events like these to come to the fore. I thought this interview with SBF was pretty telling about his views of the world and character.

As always, happy to provide more detail on our thoughts, and welcome any feedback.

Sincerely,

**Chung Kim**

Portfolio Manager

Arrow Capital Management Inc.

Historical Performance	1 yr	3 yr	5 yr	ITD
Exemplar Performance Fund Ser F	-3.17	8.60	7.89	8.09

*Returns as of January 31, 2023*

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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 Performance 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 February 2023.