

EXEMPLAR GROWTH & INCOME FUND

Week ending May 26, 2023



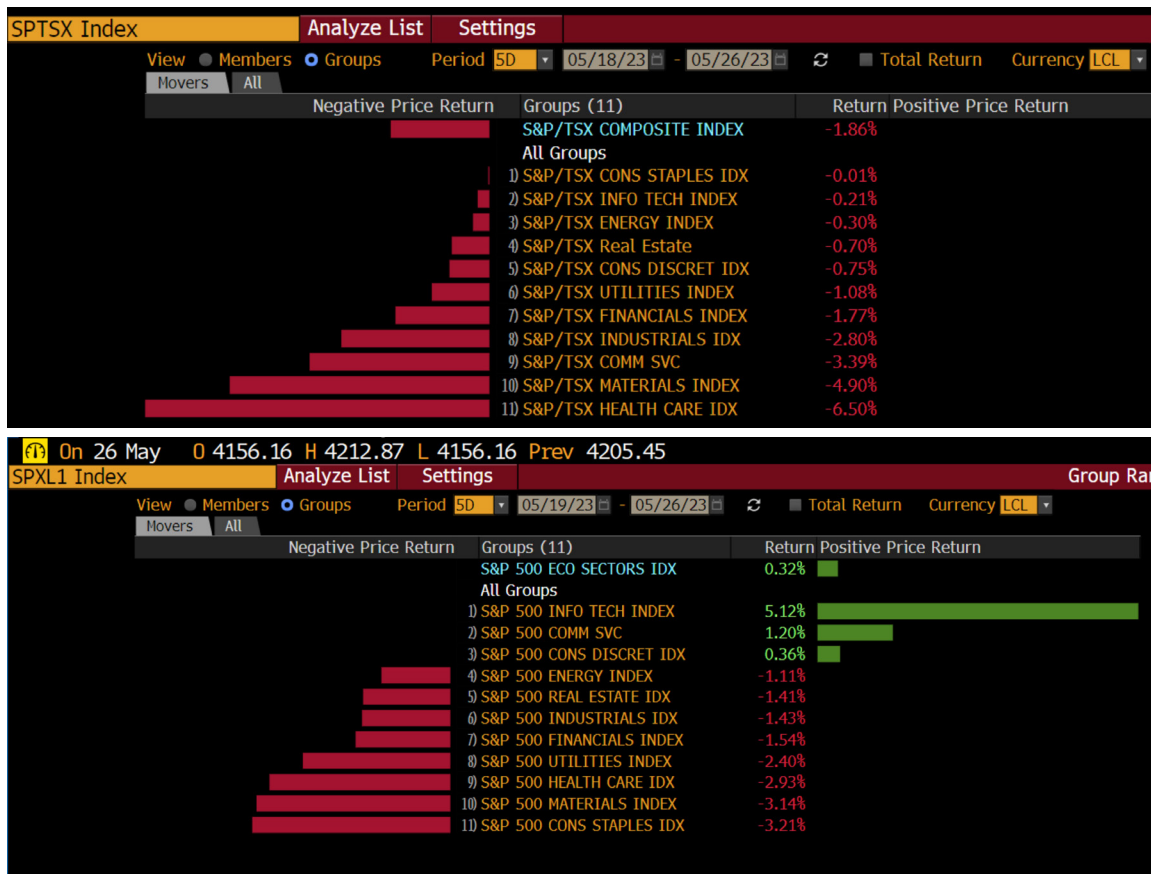
May 26th, 2023 Asset Allocation: 23.6% cash; 46.9% bonds; 7.7% commodities (long GLD ETF) and 21.8% equities*; 39.2% \$US, and 5.8% (non N. American equities)

May 19th, 2023 Asset Allocation: 26.2% cash; 45.7% bonds; 7.0% commodities (long GLD ETF) and 21.1% equities*; 38.0% \$US, and 6.2% (non N. American equities)

*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	-0.72%	+1.20%
Scotia Canada Bond Index	-0.86%	+1.31%
Gold	-1.59%	+6.71%
S&P 500	+0.32%	+9.53%
Nasdaq	+2.51%	+23.97%
S&P/TSX	-1.86%	+2.76%
EGIF – Series F	-1.34%	-2.63%
EGGIC – Series F	-0.89%	-1.42%
May 19, 2023 to May 26, 2023		

Last week Canadian equity painted a much different picture than the tech heavy SPX (see below). The equal weighted SPX is down 11 bps YTD. Gold and bonds also had a disappointing week. The bright spot for our asset allocation was the USD. With increasing hope that a deal will be reached surrounding the debt ceiling, the USD has traded better with a 98 bps gain on the week and a 251 bps gain MTD.



Source: Bloomberg

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Many Wall Street banks along with President Biden and Speaker McCarthy believe the debt ceiling will be resolved before firm ex date which Janet Yellen said was June 6th. The new challenge arising with a deal will be the bill and bond issuance done by the Treasury which has put renewed pressure on yields. “New Risks If a Deal Gets Done. Even if the US avoids default, investors will have to contend with surging bill supply, Fed uncertainty and the economic effects of any debt deal Washington manages to strike” per BBG News.

The Feds preferred measure of inflation was released this past Friday and came in ahead of expectations. Consumers are still willing to spend and this indicates the Fed’s tightening job may not be over. June rate hike expectations have risen to just under 70% odds. We continue to believe the slowdown in consumer spending will take hold with rates above 5% in the U.S. Our view remains to be that the rate path taken by the Fed and the draining of liquidity through 2023 would lead to a Credit event. The ‘Regional Banking Crisis’ occurred in early March. Our expectation are for further fall out to play out over time. The effects of rate hikes by the Fed in record time has yet to be totally felt.

United States

Browse

14:08:13

05/26/23

06/27/23

Economic Releases

All Economic Releases

View Agenda Weekly

	Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
25)	05/26	08:30				Personal Income	Apr	0.4%	0.4%	0.3%	--
26)	05/26	08:30				Personal Spending	Apr	0.5%	0.8%	0.0%	0.1%
27)	05/26	08:30				Real Personal Spending	Apr	0.3%	0.5%	0.0%	--
28)	05/26	08:30				PCE Deflator MoM	Apr	0.3%	0.4%	0.1%	--
29)	05/26	08:30				PCE Deflator YoY	Apr	4.3%	4.4%	4.2%	--
30)	05/26	08:30				PCE Core Deflator MoM	Apr	0.3%	0.4%	0.3%	--
31)	05/26	08:30				PCE Core Deflator YoY	Apr	4.6%	4.7%	4.6%	--

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 to 2%, however, recent data has the market pricing no more rate hikes and cuts beginning in September or even possibly July. The direction of Fed Funds rate has become very uncertain as inflation remains at high levels. Our biggest sectors are: Energy (6.3%), Utilities (5.1%), Financials (4.5%), Staples (4.2%) and Industrials (4.0%). I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of May 26, 2023

- Unilever – UL
- Restaurant Brands - QSR
- Pembina Pipelines - PPL
- CGI Group - GIBa
- CBOE Global Markets – CBOE
- Monster Beverage - MNST
- Agnico Eagle - AEM
- Visa - V
- Keyera Corp - KEY
- National Bank - NA

The Exemplar Growth & Income Series F was -1.34% last week and is -2.63% year to date.

Exemplar Global Growth & Income

We launched a Global version of our Exemplar Growth & Income Fund in December of 2021. The Fund has the same investment team and investment process that you are familiar with from the Exemplar Growth & Income Fund but with a Global geographical focus. To help show the portfolio differences, we have included the asset allocation for Exemplar Global Growth & Income as well as the top 10 equity holdings and performance below.

May 26th, 2023 Asset Allocation: 19.2% cash; 41.3% bonds; 5.1% commodities and 34.3% equities*; 24.2% \$US, -3.2% EUR, 5.0% Yen, 0.0% AUD, 2.4% Other and -3.4% GBP

May 19th, 2023 Asset Allocation: 21.3% cash; 40.7% bonds; 5.9% commodities and 32.1% equities*; 24.4% \$US, -2.9% EUR, 5.0% Yen, 0.0% AUD, 2.0% Other and -3.9% GBP

*Net exposure to equities

Top 10 Equity Holdings as of May 26, 2023

- HCA Healthcare - HCA
- Mondelez - MDLZ
- Merck - MRK
- Lancaster Colony - LANC
- Engie - ENGI
- Waste Management - WM
- Suncor – SU
- Liberty Media C (Formula One) – FWONK
- AstraZeneca - AZN
- Walmart - WMT

The Exemplar Global Growth & Income Series F was -0.89% last week and is -1.42% year to date.

Historical Performance – As of April 30, 2023

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	-4.47%	4.78%	5.13%	6.53%
EKGIC - Series F	-1.05%			-4.43%

Published May 29, 2023

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.