

EXEMPLAR GROWTH & INCOME FUND

Week ending July 5, 2024



July 5th, 2024 Asset Allocation: 1.7% cash; 39.7% bonds; 8.6% commodities (5.8% GLD ETF/ 1.5% SLV/ 1.3% IBIT) and 50.0% equities*; 30.0% \$US

June 28th, 2024 Asset Allocation: 2.0% cash; 38.0% bonds; 8.2% commodities (5.1% GLD ETF/ 1.5% SLV/ 1.5% IBIT) and 51.7% equities*; 30.0% \$US

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.54%	-0.64%
Scotia Canada Bond Index	-0.06%	-0.44%
Gold	+2.81%	+15.96%
USD/CAD	-0.27%	+3.05%
ACWI (ETF)	+2.01%	+12.67%
S&P 500	+1.68%	+16.22%
Nasdaq	+2.65%	+22.26%
S&P/TSX	+0.84%	+5.25%
EGIF – Series F	+0.53%	+4.55%
EGGIC – Series F	+0.97%	+6.09%

June 28, 2024 to July 5, 2024

Gold, Equities and U.S. Bonds were up last week. The U.S. dollar was down. On the political front, Le Pen in France shockingly lost to the far left and Starmer of the Labour Party won a majority in the U.K. In the U.S., Biden clings to power defiantly after his embarrassing debate with Trump. The U.S. economic data continues to show a slowdown - Atlanta Fed Nowcast is at 1.4% for Q2 GDP growth. That would be the same as Q1. The list is long of economic data points that came in below expectations. Most importantly June ISM Employment was below expectations at 49.3, June ADP Employment Change was below expectations at 150k, Continuing Claims rose again this week to 1858k, ISM Services Employment was 46.1 for June and Unemployment ticked up in June to 4.1%. Employment is definitely stalling, and this will bring the Fed to announce the first interest rate cut either in July or September. Bonds have been reluctant to rally on the employment signs but finally did on Friday.

Powell bellowed on Tuesday, "Inflation at 2% Only Likely Late Next Year or 2026". That may be so but without interest rate cuts soon he may not have to worry about inflation, he will be dealing with an economy stalling out. Despite Trump's lead in the polls his policies or ideas are not likely to pass in the current environment. The time for Bonds has finally arrived as GDP is expected to slow.

Another Asset Class that does well in decelerating GDP growth is Gold. Fed Fund Rates peaked in July 2023 and Gold is anticipating a move lower in rates and broke out to new highs in March 2024.

Gold (USD) – July 8, 2019 to July 5, 2024



Source: Bloomberg

The best sectors last week in the U.S. were Discretionary and Communications and it was Materials and Healthcare that led in Canada. Energy and Healthcare were the worst in the U.S. while Energy and Communications were the worst sectors in Canada.

Last week the Fund increased Info Tech and reduced Industrials.

The Fund is very active increasing and decreasing equity exposure. The Fund will tactically trade equities, either through outright sales or ‘shorting’. The Fed is focused on reducing inflation to 2% and Jay Powell reiterated in Jackson Hole that 2% is not negotiable. The FED last raised interest rates by 25 bps in July 2023. Bank of Canada has begun its rate cutting cycle and expects more this year. The Fed is still data dependent. The direction of Fed Funds and BoC rate is lower, but the pace is uncertain. July is 7% probability of a cut by the Fed and September 75%. Our biggest sectors: Energy (9.0%), Materials (6.6%), Industrials (6.4%), Financials (6.2%) and Information Technology (5.4%). I’ve added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of July 5, 2024

- | | | |
|-----|-----------------------------|--------------------|
| 1. | Royal Bank - RY | Financials |
| 2. | National Bank - NA | Financials |
| 3. | Canadian Imperial Bank - CM | Financials |
| 4. | Teck Corp – TECK | Materials - Copper |
| 5. | American Tower – AMT | REITS |
| 6. | Pembina Pipelines - PPL | Energy |
| 7. | Arc Resources - ARX | Energy |
| 8. | Keyera Corp – KEY | Energy - Midstream |
| 9. | Celestica - CLS | Info Tech |
| 10. | Canadian Pacific - CP | Industrials |

The Exemplar Growth & Income Series F was +0.53% last week and is +4.55% 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.

July 5th, 2024 Asset Allocation: 20.3% cash; 27.3% bonds; 6.4% commodities and 46.0% equities*; 32.6% \$US, 5.0% EUR, 5.5% GBP, 5.0% AUD, 0.4% Yen and 6.5% Other

June 28th, 2024 Asset Allocation: 25.2% cash; 26.4% bonds; 5.2% commodities and 43.3% equities*; 32.3% \$US, 5.0% EUR, 5.1% GBP, 2.6% AUD, 0.3% Yen and 5.9% Other

*Net exposure to equities

Top 10 Equity Holdings as of July 5, 2024

1.	Amazon - AMZN	Consumer Discretionary
2.	Alphabet - GOOG	Communication Services
3.	Microsoft – MFST	Information Technology
4.	Eli Lilly - LLY	Healthcare
5.	Nvidia - NVDA	Information Technology
6.	Apple - AAPL	Information Technology
7.	Meta Platforms – META	Communication Services
8.	JP Morgan Chase – JPM	Financials
9.	Novo Nordisk – NVO	Healthcare
10.	Booking Holdings - BKNG	Consumer Discretionary

The Exemplar Global Growth & Income Series F was +0.97% last week and is +6.09% year to date.

Historical Performance – As of June 30, 2024

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	7.85%	-0.59%	3.84%	5.91%
EGGIC – Series F	5.46%			-1.05%

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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 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.