

EXEMPLAR GROWTH & INCOME FUND

Week ending June 14, 2024



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

June 21st, 2024 Asset Allocation: 0.9% cash; 41.0% bonds; 8.8% commodities (5.1% GLD ETF/ 1.9% SLV/ 1.8% IBIT) and 49.3% equities*; 29.0% \$US

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	-0.74%	-1.48%
Scotia Canada Bond Index	-1.11%	-0.38%
Gold	+0.21%	+12.79%
USD/CAD	-0.10%	+3.33%
ACWI (ETF)	+0.22%	+10.45%
S&P 500	-0.08%	+14.48%
Nasdaq	+0.24%	+18.13%
S&P/TSX	+1.49%	+4.38%
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EGIF – Series F	+0.29%	+3.99%
EGGIC – Series F	-0.31%	+5.07%

June 21, 2024 to June 28, 2024

Gold, Nasdaq, Canadian Equities and Foreign Equities were up last week. Bonds, U.S. dollar and S&P 500 were down. Markets were impacted by economic data, the Biden-Trump debate, month end and quarter end rebalances. The Initial Jobless Claims came in as expected but Continuing Claims continue to rise. In May, Pending Home Sales and New Home Sales came in below expectations. Personal Income was above expectations yet spending was less than expectations in May. Bonds were relatively flat until Friday and Friday's economic data was bond friendly. Inflation expectations came down and PCE and Core PCE for May came in as expected 2.6% YoY vs 2.8% the previous month. The narrative Friday was the Biden-Trump debate has put Trump as the heavy favourite to win the election in November. The market believes his policies would be unfriendly to bonds. His policies involve more tariffs (inflationary) and tax cuts (larger deficit). The U.S dollar was weaker Friday too. Still lots of time between now and November and before any policies would be implemented. We are expecting GDP growth to slow in the U.S which should contain bond yields. The Atlanta Fed NowCast has 2nd quarter GDP at 1.73% vs 3% prior to June 21st.

Using the TRENDER Indicator U.S. 10yr yields are expected to decline. The 'flip' level on a weekly basis is 4.61%.

U.S. Government 10-Year Bond Index – July 1, 2022 to June 28, 2024



Source: Bloomberg

The best sectors last week in the U.S. were Energy and Communications and it was Energy and Info Tech that led in Canada. Materials and Utilities were the worst in the U.S. while Communications and Materials (positive) were the worst sectors in Canada.

Last week the Fund increased Energy and Info Tech while reducing Materials and Bonds.

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 12% probability of a cut by the Fed and September 56%. Our biggest sectors: Energy (9.0%), Industrials (6.8%), Financials (6.1%), Materials (5.7%) and Information Technology (4.9%). I’ve added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of June 28, 2024

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

The Exemplar Growth & Income Series F was +0.29% last week and is +3.99% 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.

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

June 21st, 2024 Asset Allocation: 24.2% cash; 29.1% bonds; 7.4% commodities and 39.3% equities*; 25.4% \$US, 5.0% EUR, 5.4% GBP, 2.5% AUD, 0.4% Yen and 6.2% Other

*Net exposure to equities

Top 10 Equity Holdings as of June 28, 2024

1.	Amazon - AMZN	Consumer Discretionary
2.	Alphabet - GOOG	Communication Services
3.	Eli Lilly - LLY	Healthcare
4.	Microsoft – MFST	Information Technology
5.	Novo Nordisk – NVO	Healthcare
6.	Utilities SPDR ETF – XLU	Utilities
7.	Merck - MRK	Healthcare
8.	AstraZeneca - AZN	Healthcare
9.	Nvidia - NVDA	Information Technology
10.	Apple - AAPL	Information Technology

The Exemplar Global Growth & Income Series F was -0.31% last week and is +5.07% year to date.

Historical Performance – As of May 31, 2024

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	6.11%	0.08%	3.95%	6.04%
EGGIC – Series F	5.73%			-1.07%

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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.