

EXEMPLAR GROWTH AND INCOME FUND

commentary – WEEK ENDING DECEMBER 20, 2024



December 20th, 2024 Asset Allocation: 15.1% cash; 16.8% bonds; 6.8% commodities (2.8% GLD ETF/ 1.0 SLV/ 3.0% IBIT) and 61.3% equities*; 22.0% \$US

December 13th, 2024 Asset Allocation: 11.3% cash; 16.5% bonds; 10.1% commodities (3.6% GLD ETF/ 1.0 SLV/ 3.2% IBIT/ 2.3% USO) and 62.1% equities*; 23.0% \$US

*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	-1.15%	-0.46%
iShares Core Canada Bond Index ETF	-0.60%	+3.52%
Gold (GLD ETF)	-0.96%	+27.14%
USD/CAD	+0.99%	+8.57%
ACWI (ETF)	-3.23%	+18.08%
S&P 500 (SPX ETF)	-1.99%	+24.34%
Nasdaq (QQQ ETF)	-2.24%	+27.20%
S&P/TSX (XIU ETF)	-2.66%	+20.07%
EGIF – Series FD	-1.55%	+14.43%
EGGIF – Series FD	-1.75%	+10.39%

December 13, 2024 to December 20, 2024

Last weekly of the year, we at Arrow Capital want to wish everyone a happy holiday season and a prosperous New Year!

Last week the U.S. Dollar was the winner, while all other assets fell. Was this week's action a foreboding of a deeper correction or just a pause before resuming higher? What was the catalyst to the correction and movements? In Canada, our Canadian dollar and asset prices came under pressure from the fallout of Chrystia Freeland resigning and a movement to oust Trudeau as leader of the Liberals. Trump's comments on Tariff's continue to weigh on Canadian equities too. In the U.S., the Fed gave the market a 25 bps interest rate cut but suggested further cuts will require an ease in inflation or softening of the labour market. Overextended CTA's and Vol Control Funds sold Powell's delivery with follow through Thursday and a reprieve on Friday with Opex (Option Expiry). My belief is the sell off was an overreaction, however, its a wake-up call that Trump is back and with him comes more volatility. Trump continues to cast Canada as the 51st state and I believe he would like it to be so. On Wednesday, there was a deal for the debt ceiling to be extended by both Republicans and Democrats. Musk and Trump scuttled that deal. Late Friday, after all day scrambling, a new deal was passed in Congress.

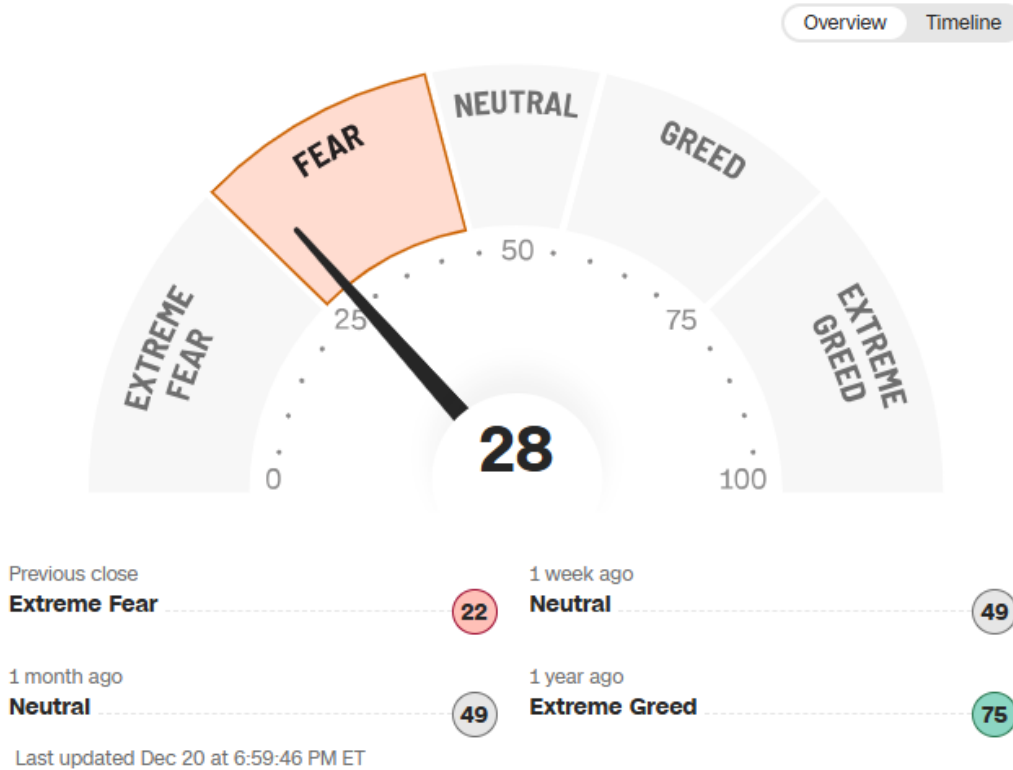
The Vix index spiked Wednesday with the Powell presser but much lower than the August 5th high and by Friday was back below 20, a level associated with stable markets. The year is not over but the market moving economic data is. We still have a chance for a Santa Clause rally.

VIX Index – June 21, 2024 to December 23, 2024



Source: Bloomberg

CNN Fear/ Greed Index



Source: <https://www.cnn.com/markets/fear-and-greed>

The challenge next year will be to focus on sectors that benefit from Trump policies and areas with high growth. The

direction of the bond market and politics will be big factors in 2025. Can bond yields return to the downward sloping channel below or continue towards the 5% level? PCE came in lower than expected on Friday and the U.S. 10yr yield fell 4 bps.



The end of the year is one week away. Last week the Fund sold gold and reduced Healthcare.

The Fund is very active increasing and decreasing equity exposure. The Fund will tactically trade equities, either through outright sales or 'shorting'. The Fed has refocused on unemployment and doesn't wish to see the slack in employment grow. The FED has lowered interest rates by 100 bps. The Bank of Canada has made five interest rate cuts so far this year, the latest two being a jumbo 50 bps. The direction of Fed Funds and BoC rate are both lower, but the pace is more uncertain. The probability of a January Fed cut is 8%. Our biggest sectors: Financials (12.7%), Energy (9.6%), Industrials (9.4%), Info Tech (6.2%) and Materials (3.1%). I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of December 20, 2024

1.	Canadian Imperial Bank - CM	Financials
2.	Royal Bank - RY	Financials
3.	Keyera Corp – KEY	Energy - Midstream
4.	MDA Space - MDA	Industrials
5.	National Bank - NA	Financials
6.	Amazon - AMZN	Consumer Discretionary
7.	Pembina Pipelines - PPL	Energy
8.	Bristol-Myers – BMY	Healthcare
9.	Chartwell Retirement – CSH.UN	REITS
10.	Block Inc. - SQ	Financials

The Exemplar Growth & Income Series FD was -1.55% last week and is +14.43% 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.

December 20th, 2024 Asset Allocation: 22.0% cash; 17.8% bonds; 8.7% commodities and 49.2% equities*; 18.2% \$US, 4.2% GBP, JPY 1.9%, EUR 0.3% and 0.6% Other

December 13th, 2024 Asset Allocation: 14.9% cash; 9.0% bonds; 11.8% commodities and 62.3% equities*; 39.1% \$US, 0.3% EUR, 0.2% GBP and 0.3% Other

*Net exposure to equities

Top 10 Equity Holdings as of December 20, 2024

1.	Alphabet - GOOG	Communication Services
2.	META Platforms - META	Communication Services
3.	Amazon - AMZN	Consumer Discretionary
4.	Microsoft - MFST	Technology
5.	Honeywell International - HON	Industrials
6.	Berkshire Hathaway – BRK.B	Financials
7.	Broadcom - AVGO	Technology
8.	Franco-Nevada – FNV	Materials
9.	Agnico Eagle Mines – AEM	Materials
10.	Chevron – CVX	Energy

The Exemplar Global Growth & Income Series FD was -1.75% last week and is +10.39% year to date.

Thanks,

Arrow Investment Team

Historical Performance – As of November 30, 2024

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	17.02%	2.67%	5.95%	6.93%
EGGIF – Series F	13.00%			1.53%

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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.