

EXEMPLAR GROWTH AND INCOME FUND

commentary – Week ending January 24, 2025



January 24th, 2025 Asset Allocation: 12.6% cash; 17.8% bonds; 6.1% commodities (3.0% GLD ETF/ 1.0 SLV/ 2.1% IBIT) and 63.5% equities*; 23.4% \$US

January 17th, 2025 Asset Allocation: 11.7% cash; 20.3% bonds; 6.0% commodities (3.0% GLD ETF/ 1.0 SLV/ 2.0% IBIT) and 62.0% equities*; 23.4% \$US

*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.02%	+0.02%
iShares Core Canada Bond Index ETF	+0.21%	-0.16%
Gold (GLD ETF)	+2.56%	+5.58%
USD/CAD	-0.93%	-0.32%
ACWI (ETF)	+2.06%	+3.88%
S&P 500 (SPX ETF)	+1.76%	+3.80%
Nasdaq (QQQ ETF)	+1.51%	+3.60%
S&P/TSX (XIU ETF)	+1.60%	+3.25%
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EGIF – Series FD	+0.88%	+2.14%
EKGIF – Series FD	+1.23%	+2.90%

January 20, 2025 to January 24, 2025

Donald Trump was sworn in as President on Monday and Gold and equities rallied. Bonds gained a little while the U.S. dollar weakened. Canada and Mexico still face 25% tariffs come February 1st while China has so far received a reprieve on its 10% tariff hike. The economic data in the U.S. was on the soft side. Philadelphia Fed Non-Manufacturing Activity and Kansas City Fed Manufacturing Activity was weaker than the previous month, Initial Jobless Claims and Continuing Claims were higher than expected. January preliminary PMI's were all weaker than expected, although the measure was above 50 which indicates expansion. The market view appears to be the economy as just right or 'Goldilocks'. Not too hot and not too cold. We still hold the view of CPI approaching 3.5% over the next 5 months before subsiding. GDP has been revised up with CPI for 2025 by the consensus but the sequence of the rate of change is what we focus on.

By Kevin Varley

(Bloomberg) -- The US economy will expand 2.8% in 2024, 2.2% in 2025 and 2.0% in 2026, according to a survey conducted by Bloomberg News.

*** Survey of 84 economists conducted from Jan. 16 to Jan. 22**

*** Chance of a recession happening over the next 12 months is 20% versus prior survey 25%, according to 49 respondents***

*** Q4 2024 GDP forecast at +2.5% q/q annualized versus prior survey +2.3%**

*** Q1 2025 GDP forecast at +2.1% q/q annualized versus prior survey +1.9%**

*** 2025 CPI forecast at +2.6% y/y versus prior survey +2.5%**

*** Fed funds rate upper-bound seen at 4.50% at Jan. 29 meeting, current rate is 4.50%**

The Fed is expected to leave rates unchanged on Wednesday, while 4th quarter earnings continue to grow and surprise on the upside by about 8%. DeepSeek AI out of China is causing concern for U.S. technology as we start the week. DeepSeek has been built at a much cheaper cost relative to U.S. competitors.

SPX Index		Table	Export	Settings	
Range Current Season		CQ4 Ending: 11/16/2024 - 2/15/2025		Periodicity Quarter	
S&P 500 INDEX					
Surprise		Growth			
Industry (ICB)	Reported	Sales Growth		Earnings Growth	
11) All Securities	78 / 500		4.66%		16.58%
12) > Energy	3 / 24		0.61%		0.34%
13) > Basic Materials	3 / 18		-4.04%		-14.58%
14) > Industrials	14 / 94		-6.65%		4.57%
15) > Health Care	6 / 57		6.52%		-0.79%
16) > Telecommunications	1 / 9		1.57%		1.99%
17) > Utilities	1 / 33		-21.70%		3.57%
18) > Financials	23 / 63		10.81%		28.04%
19) > Technology	8 / 63		13.58%		53.38%
20) > Real Estate	1 / 31		16.52%		19.35%
21) > Consumer Discretionary	11 / 72		3.56%		15.11%
22) > Consumer Staples	7 / 36		4.40%		-1.69%

Source: Bloomberg

The Fund is following our view of inflationary growth with caution. Last week the Fund trimmed some bonds. The Fund added Technology, Industrials and Materials.

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 inflation and getting it back to the 2% target. The FED has lowered interest rates by 100 bps. The Bank of Canada has made five interest rate cuts so far this cycle, the latest two being a jumbo 50 bps. The direction of Fed Funds and BoC rate are both lower, but the pace is slower and more uncertain. The probability of a January 29th Fed cut is 0%. Our biggest sectors: Financials (12.3%), Energy (10.4%), Industrials (9.9%), Info Tech (7.8%) and Materials (3.8%). I’ve added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of January 25, 2025

- | | | |
|-----|-------------------------------|------------------------|
| 1. | Canadian Imperial Bank - CM | Financials |
| 2. | Pembina Pipelines - PPL | Energy |
| 3. | Royal Bank - RY | Financials |
| 4. | MDA Space - MDA | Industrials |
| 5. | Amazon - AMZN | Consumer Discretionary |
| 6. | National Bank - NA | Financials |
| 7. | Keyera Corp – KEY | Energy - Midstream |
| 8. | Chartwell Retirement – CSH.UN | REITS |
| 9. | Canadian Pacific – CP | Industrials |
| 10. | Canadian National Rail – CNR | Industrials |

The Exemplar Growth & Income Series FD was +0.88% last week and is +2.14% 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.

January 24, 2025 Asset Allocation: 10.4% cash; 25.6% bonds; 12.1% commodities and 61.6% equities*; 15.0% \$US, 2.0% JPY, EUR 0.7%, Other 0.8%

January 17, 2025 Asset Allocation: 3.7% cash; 22.7% bonds; 12.5% commodities and 61.1% equities*; 20.0% \$US, 2.0% JPY

*Net exposure to equities

Top 10 Equity Holdings as of January 25, 2024

1.	Alphabet - GOOG	Communication Services
2.	Amazon - AMZN	Consumer Discretionary
3.	Microsoft - MSFT	Technology
4.	META Platforms - META	Communication Services
5.	Nvidia – NVDA	Technology
6.	Apple – AAPL	Technology
7.	Essilorluxottica – EL.PA	Healthcare
8.	JP Morgan Chase – JPM	Financials
9.	Broadcom – AVGO	Technology
10.	Taiwan Semiconductor - TSM	Technology

The Exemplar Global Growth & Income Series FD was +1.23% last week and is +2.90% year to date.

Thanks,

Arrow Investment Team

Historical Performance – As of December 31, 2024

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	14.48%	1.08%	5.59%	6.66%
EGGIF – Series F	9.95%	0.64%		0.64%

Published January 27, 2025

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.