

# EXEMPLAR GROWTH AND INCOME FUND

## commentary – WEEK ENDING JANUARY 3, 2025



January 3rd, 2025 Asset Allocation: 14.1% cash; 17.6% bonds; 6.4% commodities (2.6% GLD ETF/ 1.0 SLV/ 2.8% IBIT) and 61.9% equities\*; 23.0% \$US

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

\*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	-0.26%	-0.11%
iShares Core Canada Bond Index ETF	+4.64%	-0.05%
Gold (GLD ETF)	+27.22%	+0.60%
USD/CAD	+8.65%	+0.42%
ACWI (ETF)	+18.47%	+0.84%
S&P 500 (SPX ETF)	+25.71%	+1.03%
Nasdaq (QQQ ETF)	+27.74%	+1.44%
S&P/TSX (XIU ETF)	+20.44%	+1.37%
EGIF – Series FD	+14.48%	+1.22%
EGGIF – Series FD	+9.95%	+1.00%

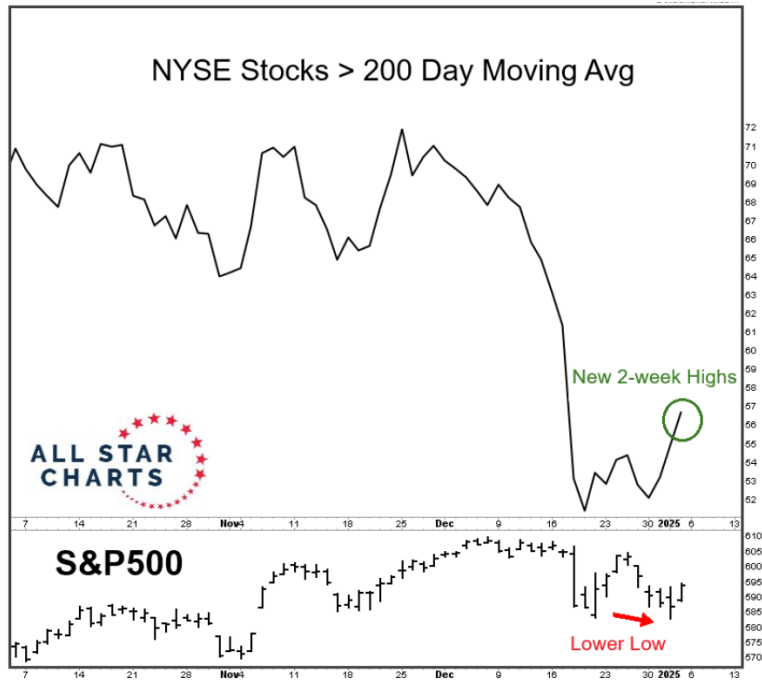
January 2, 2025 to January 3, 2025

First weekly of the year, we at Arrow Capital want to wish everyone a happy and a prosperous 2025!

Last year, U.S. bonds were the only asset class negative, however, a Canadian holding US dollar bonds made over 8% on the currency. The continued liquidity and government spending kept asset prices afloat. Most job gains came in government and healthcare. The new Trump administration is likely to be more disruptive and cause more volatility, but we are optimistic that all asset classes will have a chance to come into favour during 2025. Last year was a good year for the Fund up 14.48%. Top sector contributors last year Financials +2.44; Energy +2.22 and Industrials +1.98. Fixed Income was +2.10; Bitcoin +1.44 and Gold +1.26. Our top 5 stock contributors: MDA Space +0.83; Bird Construction +0.67; Cdn Imperial Bank of Commerce +0.57; Royal Bank +0.48 and Keyera +0.46.

Coming into 2025, the biggest risks are a U.S. market with high valuation 23X earnings and high earnings growth expectations of 14%. Of course Trump and his administration bringing change will heighten volatility but will the market broaden out and will Value stocks outperform Growth stocks in 2025?

The number of NYSE stocks trading above the 200 Day Moving Average is expanding as the S&P 500 Index hit a low which would indicate breadth is expanding. The 20 Day Moving Average is similar pointing to short and long term breadth improving.



Source: All Star Charts

Energy is a sector we like and it is considered a Value sector. The Energy sector in the U.S. was up only 2% last year and in Canada up 18%. Sentiment is negative on the group but could be the contrary play of 2025.



Source: Wolfe Research

Bonds in the U.S. have had a difficult four years since the 10-yr bottomed around 50 bps in 2020. Yields are currently above 4.5% and I believe yields likely see the 4% to 4.2% level later this year. Could happen sooner than we all think. Under Trump, consensus is higher inflation and expectations are high his policies will spur growth. Perhaps his policies stall growth? Will Chinese deflation spread worldwide? The CSI 300 is down over 4% in the first 2 trading days of the

year. Job growth in North America has been poor in the private sector for two years. I believe its time to begin increasing our bond exposure again.



Source: Tradingview.com

Last week the Fund added to our largest sectors, Financials, Energy, Industrials and Info Tech and trimmed gold. We are also beginning to add more bonds and duration under the belief a growth scare will occur sometime this year. The yields appear attractive at this time and sentiment is quite negative.

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 slower and more uncertain. The probability of a January 29th Fed cut is 11%. Our biggest sectors: Financials (12.9%), Energy (10.3%), Industrials (9.7%), Info Tech (6.6%) and Utilities (3.1%). I’ve added our Top 10 Equity Holdings below for this week.

**Top 10 Equity Holdings as of January 3, 2025**

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

The Exemplar Growth & Income Series FD is +1.22% 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 3, 2025 Asset Allocation: 10.1% cash; 25.7% bonds; 6.5% commodities and 57.7% equities\*; 23.4% \$US, JPY 1.9%, EUR 0.4% and 0.6% Other

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

\*Net exposure to equities

### Top 10 Equity Holdings as of January 3, 2024

1.	Alphabet - GOOG	Communication Services
2.	Amazon - AMZN	Consumer Discretionary
3.	META Platforms - META	Communication Services
4.	Nvidia – NVDA	Technology
5.	Broadcom - AVGO	Technology
6.	Chevron – CVX	Energy
7.	Exxon Mobil – XOM	Energy
8.	Franco-Nevada – FNV	Materials
9.	Berkshire Hathaway – BRK.B	Financials
10.	Honeywell International - HON	Industrials

The Exemplar Global Growth & Income Series FD is +1.00% 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 6, 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](http://www.arrow-capital.com).