

December was a down month to end what was a very good year. Your Conservative Growth fund fell 1.90% for the month, but outperformed the broader markets that saw the TSX fall -3.27% and the S&P 500 fall -2.39%. The year ended up +15.27%, while lagging the broader markets somewhat, a still very good year. This brings our 5 year return to a solid +84.66% (or 13.05% annualized growth rate), solidly ahead of our benchmark TSX which rose 69.46% (11.13 CAGR) over the same period.

December returns were dragged to the downside by the vast majority of equities falling during the month, as concerns started to arise over potentially stronger than anticipated inflation and interest rates in 2025 caused the equity markets to selloff after a strong 2024. The growth fund was able to outperform the broader market in December thanks to a handful of strong returns from a number of holdings that continue to generate very strong fundamentals and are looking to have a great year in 2025. Individual outperformers during December were Vivid Seats, Quipt, 5N Plus Inc, Enerflex, Alphabet, and Sucro, all of whom rose double digits during the month.

### **5N PLUS, A LINCHPIN IN CRITICAL SUPPLY CHAINS FOR RENEWABLES**

5N Plus Inc. is a critical enabler to advanced technology industries, leveraging decades of expertise to develop proprietary know-how in specialty semiconductor compounds and performance materials. The company's deep expertise has established high barriers to entry, positioning it as an essential supplier to its many blue-chip customers serving high growth markets such as semiconductors, space, and the solar industries.

5N was a company that we had followed for many years and never invested in as we felt the company's many strong businesses were somewhat offset by a number of weaker businesses the company operated in. Several years ago, the company exited a number of its weaker businesses and strengthened its core businesses. The market was slow to recognize the changes in the company's fundamentals and we took the large mis-valuation in the market as a great opportunity to establish a position in the company.

5N has now been executing on its more focused businesses for a few years and the results have started to show through. In November, the company recorded its best quarter ever, with revenues in the 3rd quarter growing 25% and profits more than doubling. 2024 will be the company's best year ever, and 5N's outlook for 2025 is even better, with very strong growth expected in most areas of the business.

With the strong and improving results from this unique company, the market has started to jump on board and recognize the significant discount to intrinsic value. During December, the company saw a solid 17% gain in share price, bring year to date returns to 95%, a truly impressive performance. While these returns are satisfying, we believe more gains are yet to come as the company trades at a discount to its comparable companies and its intrinsic value. We expect next year to bring us more gains.

### **THE YEAR TO COME**

While 2024 was a solid year, we believe the portfolio is well positioned to see another year of gains. By sticking with our approach of not chasing the latest hot story and investing in solid, growing, value-generating businesses trading at a discount to intrinsic value we expect the fund to profit solidly once again in 2025, irrespective of what the broader stock market may bring us.

2025 looks to be a choppy year for the broader markets than the steady gains of 2024. New governments in some of the G7 economies, along with what could be persistent inflationary pressures, may present a few challenges to the broader markets and the momentum investing approaches that saw success last year.

We expect success in investing in 2025 will be much more dependent on individual security picking. The current broader stock markets are trading at relatively high valuation levels, yet within the market there are vast divergences in valuation relative to intrinsic value. The growth fund's continued focus on picking superior companies trading at a discount to their intrinsic valuations will allow us to continue to thrive and generate value over the coming years.

## **MORE INSIDER BUYING IN DECEMBER**

December saw more insider buying at a number of our companies. The largest purchases occurred at Freehold Royalties, Kelt Exploration, Cenovus Energy, Superior Plus, and Spanish Mountain Gold. Insiders clearly see the same substantial upside opportunity that we do. Buying of stock by insiders at our companies is just one more point of support for the value opportunity present in our holdings, as these are the very people that know their businesses best.

## **JANUARY 31ST.... NEXT LP CLOSING**

The next closing for the NR Conservative Growth Fund LP is January 31st, 2024. Please feel free to contact Daria Krikun at 416-364-8591 or Aaron Sniderman at 416-847-3979 for more information or to set up an appointment or call 416-323-0477 to speak with any one of us directly concerning the Conservative Growth LP. Our toll-free number is 1-877-327-6048.

Warmest Regards,



**Alex Ruus, CFA, MBA, P.Eng**  
Portfolio Manager  
Arrow Capital Management Inc

Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
NR Conservative Growth Fund LP	15.26	8.84	13.06	8.22	9.02

Returns as of December 31, 2024

Commissions, trailing commissions, management fees, performance fees, and expenses all may be associated with investment funds. Please read the offering memorandum 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 are not guaranteed, their values change frequently and past performance may not be repeated. 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 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.

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