

EXEMPLAR GROWTH AND INCOME FUND

commentary - Week ending February 7, 2025



February 7th, 2025 Asset Allocation: 13.2% cash; 18.3% bonds; 7.4% commodities (4.1% GLD ETF/ 1.2 SLV/ 2.1% IBIT) and 61.1% equities*; 23.7% \$US

January 31st, 2025 Asset Allocation: 11.9% cash; 18.3% bonds; 7.0% commodities (3.8% GLD ETF/ 1.1 SLV/ 2.1% IBIT) and 62.8% equities*; 23.4% \$US

*Net exposure to equities

	Last Week	Year to Date
iShares U.S. 7-10 Yr Bond ETF	+0.45%	+1.07%
iShares Core Canada Bond Index ETF	+0.07%	+1.25%
Gold (GLD ETF)	+2.38%	+9.77 %
USD/CAD	-1.33%	-0.44%
ACWI (ETF)	-0.71%	+3.26%
S&P 500 (SPX ETF)	-0.23%	+2.55%
Nasdaq (QQQ ETF)	+0.12%	+2.29%
S&P/TSX (XIU ETF)	-0.74%	+3.41%
EGIF – Series FD	-0.69%	+0.73%
EGLIF – Series FD	-0.36%	+2.35%

January 31, 2025 to February 7, 2025

Last week, asset prices were up for bonds and gold while most equity indexes were down. Gold, Canadian Materials, Canadian Info Tech and US Financials are the ones that have delivered the best returns year to date. Canada and Mexico dodged the tariffs for 30 days and Trump implemented the 10% tariffs on China. Next Tuesday Trump says there will be retaliatory measures taken against China. Where does that leave Canada's plight? If you listen to Steve Bannon the former Chief Strategist for Trump, the issue is the Arctic border where Canada does not have the resources to monitor the Chinese and Russian activity in the area. Trudeau now says Trump is serious about annexation of Canada for its resources. The Trump fixation with Canada is not likely to go away in 30 days. Canada has the resources. Ultimately investing in resources will become more appealing.



February 8, 2025

The Bloomberg Commodity Index Is Carving Out One of the More Compelling Bases Out There. Through \$107 and We Can Easily See \$120.



Source: Wolfe Technical Analysis, Bloomberg & Factset

Note: This page is not complete without disclaimers on the last page.

The GIP (Growth, Inflation, Policy) Model flipped on Wednesday from Quad 3 to Quad 4 for the month of February. The main driver has been oil prices which have declined over 12% since January 15th. Gasoline prices are now flat year over year. The 1st quarter is still expected to be a Quad 2 overall. Some caution is needed at this time.



Source: Bloomberg

In Canada, Manufacturing PMI for January was 51.6 while services was 49 in January. Employment grew by 76K jobs and unemployment nudged down to 6.6%. In the U.S., US Manufacturing PMI and ISM Manufacturing came in above expectations at 51.2 and 50.9, respectively. ISM New Orders also increased to 55.1. ISM Employment rose above 50 to 50.3. ADP Employment was 183K, better than the 150k expected. Unemployment fell to 4% and average hourly earnings rose 4.1%. Non Farm Payrolls rose 143K less than the 173k expected however December was revised up 51k. All of the above was good news. The market disliked the drop in U. of Michigan Sentiment, Expectations and Current Conditions. Worst of all was 1yr inflation expectations rose from 3.3% to 4.3%. Tariff talk not being well received by the U.S. public.

The Fund has added hedges on XIU and the Canadian Banks. Also, added a Japanese Yen long position. There was some tweaking with our sector allocations too.

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 six interest rate cuts so far this cycle, the latest being 25 bps. The direction of Fed Funds and BoC rate are both lower, but the pace is slower and more uncertain. The probability of a March 19th Fed cut is 10%. Our biggest sectors: Financials (12.0%), Energy (9.5%), Industrials (8.9%), Info Tech (7.4%) and Materials (4.2%). I've added our Top 10 Equity Holdings below for this week.

Top 10 Equity Holdings as of February 7, 2025

1.	Canadian Imperial Bank - CM	Financials
2.	Pembina Pipelines - PPL	Energy
3.	Royal Bank - RY	Financials
4.	Amazon - AMZN	Consumer Discretionary
5.	Meta Platforms - META	Communication Services
6.	Chartwell Retirement – CSH.UN	REITS
7.	Sun Life - SLF	Financials
8.	Canadian Pacific – CP	Industrials
9.	National Bank – NA	Financials
10.	Keyera – KEY	Energy

The Exemplar Growth & Income Series FD was -0.69% last week and is +0.73% 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.

February 7th, 2025 Asset Allocation: 10.8% cash; 24.1% bonds; 10.2% commodities and 58.0% equities*; 17.7% \$US, 3.1% JPY, EUR 0.7%, Other 1.0%

January 31st, 2025 Asset Allocation: 13.0% cash; 20.0% bonds; 10.7% commodities and 57.2% equities*; 19.9% \$US, 2.1% JPY, EUR 0.7%, Other 0.8%

*Net exposure to equities

Top 10 Equity Holdings as of February 7, 2024

1.	Alphabet - GOOG	Communication Services
2.	Amazon - AMZN	Consumer Discretionary
3.	META Platforms - META	Communication Services
4.	Taiwan Semiconductor - TSM	Technology
5.	JP Morgan Chase – JPM	Financials
6.	Apple – AAPL	Technology
7.	Cloudflare – NET	Technology
8.	Microsoft - MSFT	Technology
9.	Essilorluxottica – EL.PA	Healthcare
10.	Agnico Eagle Mines – AEM	Materials

The Exemplar Global Growth & Income Series FD was -0.36% last week and is +2.35% year to date.

Thanks,

Arrow Investment Team

Historical Performance – As of January 31, 2025

	1-Year	3-Year	5-Year	ITD
EGIF - Series F	15.08%	2.50%	5.60%	6.75%
EGGIF – Series F	12.22%	2.50%		1.50%

Published February 10, 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.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or construed as an endorsement or recommendation of any entity or security discussed. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

Certain statements in this document are forward-looking. Forward-looking statements (“FLS”) are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what Arrow Capital Management and the portfolio manager believe to be reasonable assumptions, neither Arrow Capital Management nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

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.