Exeter INVESTMENT MANAGEMENT

May 2026 Letter

May 19, 2026

Performance

Through April 30, 2026	*Year to Date*	*Since Inception**
Exeter Active Long-Short Equity Strategy (Net of Fees)	11.5%	18.5%
50% Vanguard Total World ETF (VT) / 50% iShares Core S&P Small Cap ETF (IJR)	10.6%	18.5%
Exeter 80/20 ETF Allocation Strategy (Net of Fees)	6.5%	20.7%
80% Vanguard Total World ETF (VT) / 20% iShares US Bond ETF (AGG)	6.0%	19.6%

** Periods longer than a year have been annualized*

Exeter's investment strategies continue to deliver on their objectives in 2026. Our Active Long Short Strategy is slightly ahead of a high performing market with significantly less risk. Our most common ETF Allocation strategy is just ahead of its benchmark as well. Some accounts experience different results based on the timing of inception, holding low-basis positions to defer capital gains, and other customizations.

Active Long-Short

Month Ended	*1/31/2026*	*2/28/2026*	*3/31/2026*	*4/30/2026*
ALS Strategy, Net	4.40%	3.65%	(1.76%)	4.83%
Benchmark	4.41%	1.87%	(5.30%)	9.80%
Difference	**(0.00%)**	**1.78%**	**3.54%**	**(4.97%)**

Our flagship long-short strategy outperformed through March 31, driven by solid results for both long and short positions and a market that generally favored value stocks. At +9.8%, April 2026 was the strongest monthly performance for the benchmark since our inception, and we gave back some relative performance. As I wrote in January: "Expect us to lag when markets are very strong." A risk-averse strategy should not keep up when the market is more afraid of missing out than of losing money.

Following a down month in March, the markets began to shake off fears from the U.S.-Iran war. A number of market events suggested that fear and prudence were in short supply.

- Allbirds, Inc. (ticker: BIRD) is a shoe company which once reached a $4 billion market value. They agreed to sell their assets and IP for $39 million in March. This *appeared* to cap an over 99% loss for the stock since its peak in 2021. Then in April, the company announced a pivot to provide AI infrastructure; the stock closed that day at more than 6 times its pre-announcement price.
- A short squeeze reminiscent of 2021 caused the stock of Avis Budget Group (ticker: CAR) to trade from the high $90s to over $700 and back down to about $150 in under two months.

- Wild behavior reached our portfolio, too; we held a small short position in Bed Bath and Beyond (ticker: BBBY). It rose over 30% on the morning of its earnings report and finished the *same day* down more than 10%.
- A Bloomberg headline on April 17th read "Short Squeeze Turbocharges Equity Rally as Riskiest Stocks Soar".

In my opinion, high index returns and signs of aggressive risk-taking mean our conservative strategy has yet to see optimal conditions for performance *relative* to market averages. The longest drawdown since inception lasted about one and a half months. Given this set up, I am pleased we are still realizing solid *absolute* returns with signs of below market risk: we realized less than 60% of benchmark volatility, less than half of its drawdown, and a favorable ratio of upward and downward movements.

Risk Metrics Based on Net Daily Performance, YTD through April 30, 2026			
	Strategy	Benchmark	**Ratio**
Standard Deviation, Annualized	9.24%	15.88%	**58.2%**
Maximum Drawdown	(3.70%)	(8.80%)	**42.1%**
Average Performance on Negative Days	(0.44%)	(0.84%)	**52.3%**
Average Performance on Positive Days	0.47%	0.70%	**67.1%**

* See Appendix A for metric explanations & definitions

Portfolio components look strong as well. The long portfolio added +14.0% to returns versus benchmark performance of 10.8%. The shorts detracted from performance by only -1.0%. With a daily average short exposure of 25.9%, this implies a standalone short book returning only +3.8% or a 10.2% spread below our longs and 7.0% below the benchmark.

Through April 30, 2026	*Year to Date*
Exeter Active Long-Short Equity Strategy (Net of Fees)	11.5%
50% Vanguard Total World ETF (VT) / 50% iShares Core S&P Small Cap ETF (IJR)	10.6%
** Active Long Short Performance Consisting of:*	
Long Portfolio	14.0%
Short Portfolio	(1.0%)
Cash, Foreign Exchange, & Other	0.2%
Management & Performance fees	(1.9%)

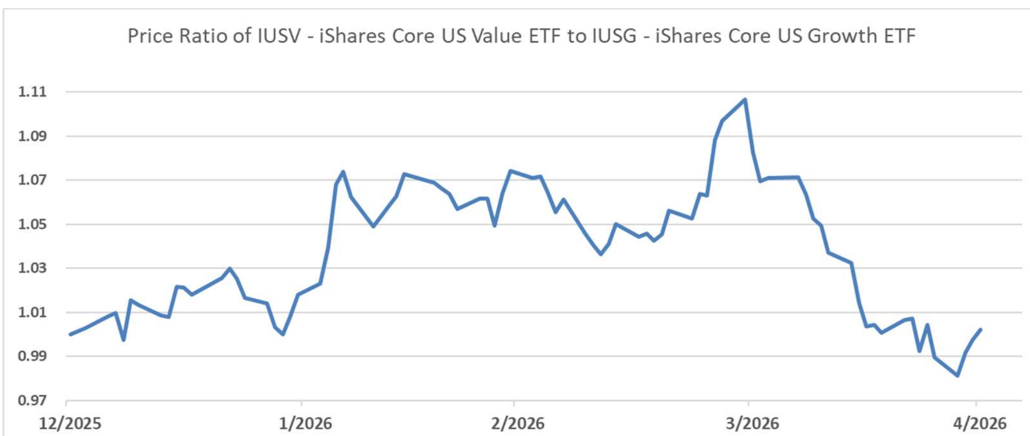
** Performance components may not sum exactly due to rounding and compounding*

Drivers of Performance

The information we invest on can be cut into two categories: common to all stocks, and unique to single stocks. Our most interesting common signals are disclosure and text-based data. For example, we've bet against companies reporting a material weakness in accounting controls. 21 of our 156 short positions held this year originated from this red flag. They contributed positively to our performance by +0.2% from an average exposure of 5.9%. That sounds modest, but it means the average position fell by about 4% while the market made significant gains. A similar analysis of 20 shorts regarding board-level investigations also generated profits in an upward market. We have a significant portfolio of disclosure-driven performance drivers to build the short book, and to avoid in our long investments. I am working to expand the list.

Red-flagged stocks like these are typically very volatile, which is why our average position is so small. It takes more stocks to get signal from the noise. Positions are never taken for a single reason. They are layered with financial ratio rankings and filtered for discretionary inputs. For example, I try to avoid shorting in sectors with high potential for irrational excitement among retail traders; we were fortunate to bet against only a few semiconductor firms during their intense rally. This filter runs on judgment for now. AI might help us formalize it cheaply in the future.

Other examples of information all stocks share are the 40+ financial ratios on which we rank our universe at least daily. We tilt our portfolio toward stocks ranked highly on value, quality, and momentum signals. An impactful driver this year has been value. Published research (and our own replications of it) indicates that stocks with high ratios of profits, cash flows, and assets to market value ("value" or "cheap" stocks) have outperformed over *very* long periods of time. Value stocks outperformed through March 31 and have underperformed since.



This graph uses value and growth focused ETFs to illustrate the performance of cheap stocks above expensive ones, and our monthly performance relative to benchmark (page 1) mirrors this graph. The value-growth spread has impacted our ETF allocation strategies in a similar way.

Published research also supports a tilt to stocks whose fundamentals have recently improved and whose stock prices have recently risen. "Momentum" tends to reduce the risks of cheap stocks by lowering the odds of owning a business that destroys value. The iShares USA Momentum ETF (ticker: MTUM) was up +13.6% through April 30, consistent with our momentum tilt supporting strategy returns.

Individual Stocks

We also do discretionary research for unique aspects of single stocks. Our largest position is in StoneX Group (ticker: SNEX) which returned 67% YTD through April 30. They are a financial broker, dealing in all matter of securities with emphasis on foreign currencies, commodities, and derivatives. The narrative thesis is simple: increasing regulation has forced banks to step away from brokering important hedging activity. Farmers hedge crop prices. Food companies hedge input costs. Global companies hedge their currency risks in small countries. If politicians make it harder for Goldman Sachs to intermediate these transactions, someone else will *and should*.

I first bought StoneX in March of 2025. Shortly thereafter, they bought R.J. O'Brien, the oldest futures brokerage in the U.S. I believed that Wall Street's earnings estimates were too low considering the deal, especially considering the opportunity to refinance debt as a much larger entity. This turned out right. Commodity volatility has also benefited related brokers. SNEX contributed +1.5% to returns YTD.

Our next largest contributor was Preformed Line Products (ticker: PLPC). The company sells products essential to the construction and maintenance of electrical transmission infrastructure. My thesis here was not as precise as SNEX, but in May 2025 I viewed their market value as absurdly low while firmly entrenched in a bottleneck for the AI build up. Many other factors checked out. PLPC returned 61% YTD through April 30, contributing +1.0% to our performance.

Not everything worked. Domino's Pizza (ticker: DPZ) has been disappointing with an -18% YTD loss and detracting -0.3% from our returns. The market is not rewarding their market share gains in a stagnating category. Constellation Software (ticker: CSU, Toronto) returned -23% YTD and dented performance by -0.3%. Both are excellent businesses with potential to do better in the future.

ETF Allocation

Month Ended	*1/31/2026*	*2/28/2026*	*3/31/2026*	*4/30/2026*
80/20 ETF Allocation, net	*2.82%*	*1.85%*	*(4.99%)*	*7.09%*
Benchmark	*2.54%*	*1.63%*	*(5.33%)*	*7.48%*
Difference	***0.28%***	***0.22%***	***0.34%***	***(0.39%)***

Our ETF strategies also outperformed through March 31 and regressed in April. Due to the shared attitude of risk aversion, I expect that relative performance of these two strategies should be directionally similar but with the ETF version at a lower magnitude. So far that is correct.

My approach to adding value primarily relies on allocating to sub-sectors of the stock and bond markets with lowered correlations to each other, without sacrificing long-term return expectations or paying very high management fees. I then rebalance between them both regularly and opportunistically. The March sell off was too short lived for an opportunistic move.

The diversifying divides within the stock market include domestic versus international, small versus large companies, and value versus growth stocks. The following ETFs represent them in our strategies:

ETF Ticker	Description	YTD Thru 3/31	April 2026	YTD Thru 4/30
VXUS	International ETF	*2.3%*	*7.7%*	***10.2%***
IJR	Small Cap ETF	*3.4%*	*10.3%*	***14.1%***
VTI	US All Cap ETF	*(4.0%)*	*10.4%*	***6.0%***
RSP	Equal Weight S&P 500 ETF	*0.6%*	*6.0%*	***6.7%***
Benchmarks				
VT	All World All Cap ETF	*(1.9%)*	*9.3%*	***7.2%***
SPY	US Large Cap ETF	*(4.4%)*	*10.5%*	***5.7%***

International stocks outperformed through March and lagged slightly in April. Small company stocks performed well throughout.

Our tilt to value is often represented by RSP, the Invesco Equal Weight S&P 500, which we target at ~15% of stock allocations where tax friction permits. By holding all S&P 500 companies equally instead of proportionate to size, the fund effectively bets on both cheaper and smaller companies within the S&P 500. This holding had the sharpest change in relative performance during April and the war-relief rally. It outperformed the normal S&P 500 by 5% through March and lagged by 4.5% in April. This has continued into May as of this writing.

A truly diversified portfolio will have certain parts lagging at all times. In the long-term, I expect that rebalancing between RSP and a market cap weighted index (represented by VTI) will have a diversifying and potentially return enhancing effect on our strategy. Like our emphasis on value stocks in Active Long-Short, this will depend on the market's cyclical preference for either low valuations or high growth prospects. At the valuations of today's growth stocks, I expect the tide will turn in value's favor at some unforecastable point.

There are more axes of diversification in bonds although their relative performance swings are not so extreme. You can diversify between default risk free treasuries, and risker borrowers like households (mortgages), companies (corporate bonds and bank loans), or municipal issuers. Bonds vary by time to maturity and floating or fixed rate payments. There are varying sensitivities to inflation, including the explicit principal adjustments of inflation protected bonds. Of course there is also US versus international exposure. The following ETFs are common in our portfolios:

ETF Ticker	Description	YTD Thru 3/31	April 2026	YTD Thru 4/30
BKLN	US Floating Rate Corporate Loans	*(1.3%)*	*1.3%*	*0.1%*
BNDX	International Bond ETF	*(0.1%)*	*0.2%*	*0.1%*
IEI	Intermediate Term US Treasury ETF	*(0.0%)*	*(0.0%)*	*(0.1%)*
INMU	Intermediate Term US Municipal ETF	*(0.0%)*	*1.2%*	*1.2%*
VMBS	US Mortgage Bond ETF	*0.4%*	*0.3%*	*0.7%*
VCSH	US Short-Term Corporate Bond ETF	*0.1%*	*0.4%*	*0.5%*
Benchmarks				
AGG	US Core Bond Market	*0.0%*	*0.2%*	*0.2%*

Wide dispersion is good, strengthening the case for rebalancing. My one strategic move in fixed income was trimming BKLN. Lending standards for software companies look loose in both private credit and the syndicated bank loan market. I cut exposure, though not to zero. I allocated some BKLN funds to VMBS, BNDX, and INMU for taxable accounts.

Business & Conclusion

The biggest change of the year has been to get an office. My new address is 1600 Rosecrans Avenue, Building 7, 4th Floor, Manhattan Beach, CA 90266. (Office 56, my high school football number, is unofficial… don't include it in the fan mail). I have upgraded our errors & omissions insurance, as well as our financial data sources which now include international stocks. Claude Pro is helping to expand our administrative and research software tools.

I share your investment results. All my tax-sheltered assets are invested in our ETF allocation strategies, and the remaining liquid investments are in our active strategy with the exception of about a year's living expenses. I am optimistic about our risk-adjusted results to date, and the prospect of having real purchasing power when stocks inevitably hit the bargain bin. Neither strategy depends on forecasting when.

> *"Every decade or so, dark clouds will fill the economic skies, and they will briefly rain gold. When downpours of that sort occur, it's imperative that we rush outdoors carrying washtubs, not teaspoons."*
>
> *– Warren Buffett, 2016 Letter to Shareholders*

Best regards,
Jake Saroyan, Portfolio Manager

Appendix A: Risk Metrics

- **Standard deviation** is a measurement of the typical fluctuations for an investment strategy over a standard period. Precise calculation is explained well on Wikipedia.
- **Maximum drawdown** is the most an investor could lose in a strategy by buying at its highest point and selling at its lowest point. It is the low point divided by the high point, minus 1, and expressed in percentage.

Exact calculations of risk metrics can differ between firms as well as when calculated daily, monthly, or annually etc. Risk is inherently difficult to measure, and investors differ in their preferred metrics for assessment.

Appendix B: Fee Schedule

Strategy	*Management Fee*	*Performance Incentive Fee*	*Incentive Hurdle Rate*
Exeter Active Long Short	0.0 to 1.0%	0.0-25.0%	6.0%
Exeter ETF Allocation	0.2%	n/a	n/a

Non-fee-paying and discounted fee accounts have been adjusted to reflect hypothetical fees.

Appendix C: Disclosures

Exeter Investment Management LLC ("Exeter") founded in 2025, is a state-registered investment adviser in California. A copy of our current written disclosure statement discussing our advisory services and fees is available for your review upon request. All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met. Investments may be made in micro-cap companies, which involve a higher degree of risk and volatility than investments in large-cap companies. In calculating historical asset class performance, Exeter has relied upon information provided by the custodian or other sources which Exeter believes to be reliable. Exeter maintains information supporting the performance results in accordance with regulatory requirements.