

EXEMPLAR GROWTH AND INCOME FUND

Q1 2026



The first quarter of 2026 was defined by a breakdown in traditional correlations and a sharp divergence between asset classes. Against a backdrop of heightening geopolitical tension and a recalibration of interest rate expectations, the Fund returned 4.84% for the quarter and 9.83% YTD as of April 30th. While volatility remained elevated, our balanced positioning allowed us to capture the upside in equities and the commodity complex while mitigating the “duration shock” felt across broader fixed-income markets.

During the quarter, our underweight in duration and technology stocks allowed us to outperform along with idiosyncratic alpha generation at the individual security level. For most of the past 6-8 months we have maintained a lower duration fixed income allocation along with below benchmark weight in technology. While the “AI trade” has driven massive index concentration, we have remained cautious due to a combination of high valuations and the emerging terminal risks posed by AI model releases to legacy software business models. By avoiding the froth in high-multiple tech, we protected the portfolio from the “software anxiety” that began to weigh on the sector this quarter.

As leadership shifted within the commodity complex toward Energy and Industrial Metals in early March, the Fund benefited from our bullish view on real assets. However, as prices approached what we characterized as local highs amid the geopolitical spike, we selectively trimmed our energy exposure near the quarterly peaks, particularly as the political narrative shifted toward a potential de-escalation brokered by the Trump administration.

Throughout 2026, we have maintained a lower allocation to bonds and opting for a defensive, short-duration posture. This was a direct expression of our view that growth would accelerate and inflation would remain “sticky.” This positioning served the Fund well as yields climbed alongside energy prices.

However, we are cognizant that the longer the regional conflict persists, the higher the risk of a transition from “inflationary impulse” to a “serious recession.” To navigate this, we have started to structure some long-bond option trades. This allows us to participate in a “growth scare” scenario—where bonds would likely reassert their defensive role—while maintaining a limited-risk profile.

We believe the current environment—marked by volatility and sector dispersion—is an ideal “stock-picker’s market.” We remain focused on following our top-down macro process to be positioned for the right market regime as well as identifying outperforming company specific equity stories.

Thanks,
Arrow Investment Team

Historical Performance	1 yr	3 yr	5 yr	10 yr	ITD
Exemplar Growth and Income Fund Ser FD	30.62	13.18	7.53	8.58	8.29

Returns as of April 30, 2026

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