

BWC Founders Fund – August 2025 Investor Update

To our valued investors and friends,

Market Overview and Fund Performance

After a few months of solid trend up, the markets had its first period of chop during the month of August, although ending with another solid gain. August was a bit of a frustrating month for the strategies, with the market at times appearing overextended with trends breaking down yet every dip was short lived, and Volatility quickly sold, these are not ideal conditions for our strategies as we prefer trend following strategies and chop is not easy to manage. During August, the **BWC Founders Fund recorded a net loss of 1.2%**, while the benchmark S&P 500 Total Return Index (**SPXTR**) achieved a **2.0% gain**. While it is frustrating when the major indices outperform the fund, it will inevitably happen, and I must remind myself that the market doesn't always do what it's done before and systematic investing simply builds off historical data and probabilities and the past actions of the market are no guarantee of the same thing happening in the future.

From the inception of the fund, we continue to maintain slight outperformance relative to our benchmark with the **BWC Founders Fund returning a net 11.9% gain**, while the benchmark **SPXTR returned 11.2%** over the same period.

Strategy Insights

Momentum Strategies: Momentum strategies suffered from the chop but still provided positive gains for the month. With the market trading above key levels and reaching overextended territory at the end of the month, these strategies participated in the upward movement.

Mean Reversion & Volatility-Based Strategies: Mean reversion strategies were activated a few times during the month as the market reached short term overextended levels; however, due to continued market strength, increased positions in the Volatility Index (VIX) did not generate gains. This is indicative of the strength of the market recovery since April.

Multi-Asset Strategies: Gold had been very strong early in the year, then went through a "pullback in time" for the last 3-4 months, remaining strong without any real selling, and then towards the end of August we saw a breakout towards the upside. Gold is a core component of the portfolio and is used as both a hedge against equity exposure but also as target for growth its own right. Given the prospect of further monetary easing and debasement of the dollar, we expect Gold to continue to outperform and provide a hedge against any economic weakness. I will do a deeper dive on our Gold strategy and outlook in a separate update as it has been very interesting to watch over the last few months. Diversification across asset classes and system logic remains a key aspect of systematic investing for the Fund.

Another component of the portfolio that has been experiencing very divergent behavior relative to the broader markets is Consumer Staples. Consumer Staples often provides safety during recessions and market turbulence, providing moderate hedging to the portfolio. August saw consumer staples rally early in the month as the broader markets saw volatility but then quickly reversed and sold off and continues to sell off through the date of this letter, again an indication that the market is potentially stronger than might be expected at these levels.

Performance Metrics

In August, the fund's daily volatility and Beta versus SPXTR was higher on both metrics. Increased positioning in Volatility led to higher volatility for the fund. I was not surprised by the pickup in volatility for the fund as the strategies are designed to fade extreme short-term moves and if the market extends further into extreme levels we experience higher volatility as a result until the extremes resolve themselves. The increase in volatility without positive performance led to a sizeable drop in the Information Ratio and Alpha relative to the benchmark, disappointing to see in the short term but expected

Performance metrics are reported on a Gross Basis before fees and expenses for clarity on daily strategy results. Cumulative monthly and annual returns will continue to be reported on a Net Basis.

Cumulative Performance Metrics as of August 30, 2025:

	BWC Founders Fund	SPXTR
Sharpe Ratio	1.04	1.02
Sortino Ratio	2.73	1.57
Information Ratio	.43	
Alpha (SPXTR)	9%	
Beta (SPXTR)	1.00	
Correlation (SPXTR)	.75	

Risk & Volatility As previously noted, the fund's realized volatility exceeded that of the broader markets over the past month. Specifically, the fund recorded an annualized volatility of **16.7%**, compared to **11.9%** for the **SPXTR** benchmark. The fund is designed to maintain volatility levels comparable to the market, and we are satisfied with this outcome both for the reporting period and since the fund's inception.

Market Outlook and Final Thoughts The market finally saw some increase in volatility and a loss of momentum during the month. This occurred as we would have expected, it's just unfortunate we were not able to capitalize on it, and that's ok, we don't expect to nail every pivot, pullback, or change in trend.

Thank you for your continued partnership.

BWC Founders Fund, LLC

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Performance: Performance data represents past performance and is no guarantee of future results. The returns presented reflect the performance of an investor who invested from inception. Gross Returns represent the performance of the funds applicable strategies including the reinvestment of dividends but prior to any fees or expenses. Net Returns reflect the reinvestment of dividends and earnings and the deduction of all expenses and fees (including the highest management fee and incentive allocation charged, where applicable). The Performance Statistics are based on the Gross Returns of the strategies on a daily basis and do not accrue for Management or Performance Fees and is solely intended to provide information related to the performance of the strategies of the fund and not the fund itself. An actual client's results will vary due to the timing of capital transactions, high watermarks, and performance. Performance should not be indicative of the skill of Blackworks Capital and clients may experience a loss. The BWC Founders Fund follows a systematic trading strategy with actively managed systems and strategies. The strategy employs the use of leveraged ETFs, inverse ETFs, and Volatility ETFs and can experience significant volatility and loss of capital.

Private Securities Offering Legend: Only Qualified Clients will be admitted to the Fund. For natural persons, investors must meet applicable Securities and Exchange Commission ("SEC") and Fund requirements including minimum net worth thresholds. Blackworks Capital funds are being offered in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act. The SEC has not passed upon the merits of or given its approval to Blackworks Capital funds, the terms of the offerings, or the accuracy or completeness of any offering materials. A registration statement has not been filed for any Blackworks Capital fund with the SEC. Membership interests in Blackworks Capital funds are subject to legal restrictions on transfer and resale. Investors should not assume they will be able to resell their securities. Investing in securities involves risk. Investors should be able to bear the loss of their investment. Investments in Blackworks Capital funds are not subject to the protections of the Investment Company Act of 1940, as amended. Performance data represents past performance, and past performance does not guarantee future results. Past performance is subject to revision following each monthly reconciliation and annual audit. Current performance may be lower or higher than the performance data presented. Blackworks Capital is not required by law to follow any standard methodology when calculating and representing performance data. The performance of Blackworks Capital funds may not be directly comparable to the performance of other private or registered funds.