

BWC Founders Fund – December 2025 Investor Update

To our valued investors and friends,

Market Overview and Fund Performance

December delivered another period of consolidation for US equities, with the S&P 500 posting a modest return of +0.1%. The BWC Founders Fund finished the month at +0.3% net of fees. While we slightly outperformed the benchmark on a relative basis for the month, the Fund continues to maintain significant outperformance since inception, generating a cumulative net return of 29.1% versus the S&P 500's 18.3%.

	BWC Founders Fund	S&P500 Total Return (SPXTR)	Δ Vs. (SPXTR)
December 2025	0.3%	0.1%	.2%
Cumulative Net Return (Since Inception)	29.1%	18.3%	10.8%

The Fund's cumulative outperformance of 10.8 percentage points since inception reflects the consistent value of our systematic approach. Importantly, this alpha generation has been achieved with superior risk management: the Fund's maximum drawdown of 10.2% compares favorably to the S&P 500's 14.7%, demonstrating that outperformance has been delivered alongside enhanced capital preservation. This combination validates the core value proposition of our systematic, risk-aware investment framework.

Strategy Insights

Following three consecutive years of strong gains, December was characterized by exceptionally low volatility across both the Fund and the benchmark, consistent with the reduced trading activity typical of the holiday period. Despite the quiet market conditions, the Fund maintained superior risk-adjusted returns across multiple dimensions.

Our systematic strategies maintained disciplined alignment with the established uptrend, distinguishing between short-term noise and a definitive trend reversal. The modest 0.3% return reflects the ability to remain correctly positioned within a dominant long-term bullish trend—a fundamental tenet of our systematic framework that has been a key contributor to the Fund's sustained outperformance throughout 2025.

Performance Metrics

Performance metrics are calculated on a Daily Gross Basis before fees and expenses for the purpose of illustrating the portfolio's strategy performance relative to the benchmark. Cumulative monthly and annual returns are reported on a Net Basis.

Monthly Performance Metrics for December 2025:

	BWC Founders Fund	S&P500 Total Return (SPXTR)
Volatility (Annualized)	8.7%	8.8%
Sharpe Ratio	0.83	0.12
Sortino Ratio	1.18	0.17
Daily Win Rate	68.2%	50.0%
Upside Capture Rate	86.2%	—
Downside Capture Rate	74.8%	—
Beta (SPXTR)	0.89	—
Correlation (SPXTR)	0.91	—

The Fund's Daily Win Rate of 68.2% for the month versus the benchmark's 50.0% demonstrates the consistent effectiveness of our systematic approach, even in low-volatility environments. The Sharpe and Sortino ratios significantly exceeded the benchmark, underscoring superior risk-adjusted performance throughout the month.

2025 Year in Review: Disciplined Execution, Exceptional Results

As we close 2025, we are proud to reflect on a year of exceptional performance driven by disciplined systematic execution and rigorous risk management. The BWC Founders Fund delivered a cumulative net return of **29.1%**, outperforming the S&P 500's 18.3% by a margin of **10.8%**—all while maintaining a lower maximum drawdown and generating positive Alpha.

Key Achievements:

- **Superior Risk-Adjusted Returns:** A Sharpe Ratio of 1.56 versus 1.13 for the benchmark, and a Sortino Ratio of 3.73 versus 1.70, demonstrate that outperformance was achieved with disciplined risk management, not excessive volatility.
- **Downside Protection:** The Fund's maximum drawdown of 10.2% compared favorably to the S&P 500's 14.7%, validating our systematic hedging and mean reversion strategies.
- **Consistent Alpha Generation:** The Fund generated 23% annualized Alpha with an Information Ratio of 1.33, confirming that returns were driven by systematic skill rather than merely tracking market beta.
- **Favorable Capture Ratios:** An Upside Capture Rate of 80.8% combined with a Downside Capture Rate of 53.5% reflects the asymmetric return profile that systematic strategies are

designed to deliver—participating meaningfully in rallies while mitigating losses during pullbacks.

These results validate the core tenets of our investment philosophy: systematic discipline, multi-factor diversification, and dynamic risk management. The Fund's ability to navigate diverse market conditions—from momentum-driven rallies to volatility spikes and periods of consolidation—underscores the robustness of our rules-based approach.

Market Outlook: Cautious Optimism and Dynamic Positioning

As we enter 2026, the market faces a complex backdrop. The AI-fueled rally enters its fourth year, with the S&P 500 delivering an 88% cumulative return over the past three years. Long-term trends remain intact, momentum signals remain positive, and consensus estimates for 2026 earnings growth hover near 10%. The demand for AI infrastructure and the semiconductors powering it appears insatiable.

Yet, after such a powerful multi-year advance, elevated valuations and potential regime shifts warrant measured caution. Economic uncertainty, evolving monetary policy, and the possibility of changing market leadership all present risks that cannot be dismissed.

The Systematic Advantage:

Our conviction, however, lies not in macro-forecasting, but in the disciplined execution of objective, rules-based logic. This systematic framework provides a critical advantage in uncertain environments:

- **Remain Fully Invested:** Our models will not prematurely abandon a defined uptrend based on short-term noise or speculative predictions. As long as systematic signals remain constructive, we remain positioned to capture continued gains.
- **Dynamic Risk Control:** Should market conditions deteriorate and our models signal a sustained trend reversal, we are prepared to systematically increase hedging and reduce exposure. This flexibility allows us to adapt to shifting regimes without relying on subjective judgment.
- **Disciplined Opportunism:** Periods of elevated dispersion and intermittent volatility—precisely the conditions we may face in 2026—are environments where systematic, multi-strategy frameworks excel. Our momentum, mean reversion, and volatility strategies are designed to monetize these dynamics while controlling risk.

This disciplined, adaptive approach has delivered exceptional results in 2025 and positions the Fund to navigate whatever market conditions 2026 may bring. We remain confident in the robustness of our systematic framework and excited about the opportunities ahead.

Thank you for your continued partnership.

BWC Founders Fund