

BWC Founders Fund – July 2025 Investor Update

To our valued investors and friends,

Market Overview and Fund Performance

July marked another robust month in the financial markets, with conditions at times appearing overextended. The outlook remains uncertain; however, if early August trends persist, we could see a resurgence of market volatility as participants absorb the recent strong recovery and assess future developments in both economic data and corporate earnings, as well as potential outcomes regarding trade policy.

During July, the **BWC Founders Fund recorded a net gain of 1.0%**, while the benchmark S&P 500 Total Return Index (**SPXTR**) achieved a **2.2% gain**. While it is challenging when the major indices outperform the fund, we remain satisfied with the risk-adjusted returns generated by our strategies and are optimistic about performance for the remainder of the year. Notably, for the first time since inception, the fund's strategies exhibited negative beta relative to the benchmark during the month—meaning they tended to move in opposition to overall market direction, particularly in anticipation of heightened volatility or a market downturn.

The beta realized in July was (-0.11), accompanied by a correlation of (-0.12) versus the benchmark—both mildly negative. This occurrence was primarily concentrated at the end of the month, as extended overbought market conditions prompted our strategies to position for a pullback and increased volatility. However, the anticipated market correction did not materialize, contributing to underperformance for the period. Such fluctuations are expected; investment decisions are guided by historical data and systematic rules, which are inherently probabilistic. As always, past performance is not indicative of future results.

From the inception of the fund, we continue to outperform our benchmark with the **BWC Founders Fund returning a net 13.3% gain**, while the benchmark **SPXTR returned 8.9%** over the same period.

Strategy Insights

Momentum Strategies: Momentum strategies delivered the highest returns for the fund. 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 for the first time since the April selloff; however, due to continued market strength, increased positions in the Volatility Index (VIX) did not generate anticipated results.

Hedging Framework: Hedge components within core strategies showed lower performance relative to momentum strategies and the broader market in July as market conditions remained strong. These portfolio components contribute to meeting volatility and risk targets.

Multi-Asset Exposure: Investments in commodities, bonds, and currencies underperformed compared to equities as capital shifted toward momentum-driven markets. Diversification across asset classes and system logic remains a key aspect of systematic investing for the fund.

Performance Metrics

In July, the fund's daily volatility and Beta versus SPXTR were mixed. Increased volatility positioning led to higher fund volatility and a negative Beta during the downturn. On a risk-adjusted basis, the fund outperformed with annualised **Alpha of 21.8%** over the benchmark. We are pleased with both risk-adjusted and total performance to date.

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 July 31, 2025:

	BWC Founders Fund	SPXTR
Sharpe Ratio	1.25	.94
Sortino Ratio	3.52	1.45
Information Ratio	.97	
Alpha (SPXTR)	22%	
Beta (SPXTR)	.99	
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 **7.5%**, compared to **6.5%** 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 has shown extended levels on shorter time frames, and while some moderation in the upward movement was anticipated, this did not take place during the month. Over a longer time frame, key fundamental factors are expected to influence market direction, with trade negotiations and their economic impact remaining central considerations. Developments will continue to be monitored for effects on the market, the fund, and relevant strategies, which to date are performing as anticipated.

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.