

BWC Founders Fund – June 2025 Investor Update

To our valued investors and friends,

Fund Performance

The year is now half over, and the markets continued a solid march higher during the month. The **BWC Founders Fund returned a net 3.7% gain** during the month while the benchmark S&P 500 Total Return Index, (the **SPXTR**) **Posting a 4.5% gain**. Although this marks month two of trailing the market, we remain quite pleased with the risk adjusted performance of the strategies. During the month, we had a Beta of .41 and correlation of .45 against the benchmark, meaning our strategies moved, on a daily basis, .4x the amount of the benchmark and had a moderate positive correlation. With lower Beta and moderate correlation to the benchmark, we realized lower than market volatility and solid risk adjusted returns.

From the inception of the fund till now, the **BWC Founders Fund has now returned a net 12.1% gain** while the benchmark **SPXTR has returned 6.0%** over the same period.

Market Overview

June continued the recovery from the tariff induced selloff with US equity markets reaching new all-time highs again. Although the outcome of the trade negotiations remains uncertain and the impact of current and future tariffs has yet to be felt by consumers and companies alike, the market has shrugged off this uncertainty pushing higher on renewed optimism on growth and the resiliency of the US economy. The market slowed its momentum towards the end of the month and appears to be waiting for further clarification of the direction of earnings, inflation, and trade.

Strategy Insights

- **Momentum Strategies:** Momentum strategies were once again the lead performers for the fund. With the market trading above all critical levels the path of least resistance for the market remains to the upside and momentum strategies have captured this surge higher.
- **Mean Reversion & Volatility-Based Strategies:** There were limited opportunities for Mean Reversion trades during the month but the strategies did accurately capture a couple critical mean reversion opportunities during the month that positively impacted performance.
- **Hedging Framework:** As expected, our hedge components in the core strategies once again led the funds underperforming strategies in June. While these strategies underperformed the funds momentum strategies, and the market more broadly, these components of the portfolio helped the fund achieve lower than market volatility and low beta during the month and are critical for risk management.
- **Multi-Asset Exposure:** Diversification into commodities, bonds, and currencies also lagged the broader market as capital chased the momentum of the equity markets. Maintaining diversification in both asset classes and system logic is a critical component of systematic investing and the fund.

Performance Metrics

During the month of June, daily volatility and Beta compared to SPXTR was lower than benchmark, this was expected and is in line with what we expect of the strategies under “normal” market conditions. The goal of the fund remains to have lower than market Beta and Volatility and have moderate positive correlation to the broader equity markets and we are pleased to see this trend continue. On a risk-adjusted basis, the fund continues to outperform with positive annualized **Alpha of 31%** compared to the benchmark. We are very happy with both risk adjusted, as well as total performance of the fund so far.

The following performance metrics are tracked on a Gross Basis, prior to management fees and expenses which we believe provides the best information as to the daily performance of the fund’s strategies. We will continue to report cumulative monthly and annual returns on a Net Basis.

Cumulative Performance Metrics as of June 30, 2025:

	BWC Founders Fund	SPXTR
Sharpe Ratio	1.30	.83
Sortino Ratio	3.71	1.27
Information Ratio	1.29	
Alpha (SPXTR)	31%	
Beta (SPXTR)	1.00	
Correlation (SPXTR)	.76	

Risk & Volatility

As mentioned above, realized volatility of the fund was lower than the markets over the course of the month. The fund experienced annualized volatility of **9.1% during the month** compared to **SPXTR at 9.9%**. The goal of the fund is to maintain volatility levels in line with the market and we are pleased to see this result for the month as well as since inception of the fund.

Market Outlook and Final Thoughts

With the market reaching more overextended levels on shorter time frames, we expected some cooling of the rapid upward trajectory of markets and have seen the cooling in the first half of July. On a longer time frame, we expect fundamental factors to ultimately drive the direction of the market, most important of these factors will remain the outcome of trade negotiations and the impact on the economy. As always, we will continue to watch how these developments impact the market, the fund, and our strategies and so thus far we are pleased to report that the strategies are performing in line with our expectations.

We thank you for your trust with your capital and look forward to another productive month.

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.

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