

BWC Founders Fund – November 2025 Investor Update

To our valued investors and friends,

Market Overview and Fund Performance

November delivered a period of consolidation for US equities, with the S&P 500 posting a modest return of +0.2%. The BWC Founders Fund finished the month at **-0.7%** net of fees. While we underperformed the benchmark on a relative basis for the month, the Fund continues to maintain significant outperformance since inception, generating a cumulative net return of **28.3%** versus the S&P 500's **18.2%**.

	BWC Founders Fund	S&P500 Total Return (SPXTR)
November 2025	-0.7%	.2%
Cumulative Net Return (Since Inception)	28.3%	18.2%

As noted in our October communication, our technical indicators had signaled the growing potential for increased volatility and market consolidation, which materialized over the course of November. However, the core tenet of our systematic approach is to distinguish between short-term noise and a definitive change in the primary trend.

The systematic voting models dictated that **maintaining long exposure** was the optimal action, rather than executing increased tactical hedges that would risk whipsaw losses in the event of a renewed rally. This disciplined alignment with the dominant, long-term bullish trend resulted in a higher-than-average realized Beta of **1.34** and a Downside Capture of **134.7%** for the month. We view this as the calculated cost of staying correctly positioned for any subsequent powerful move that often follows short-term turbulence.

Strategy Insights

Our systematic strategies performed with discipline through the increased volatility of November. The performance highlights the crucial role of diversification and strict model adherence during periods of market consolidation.

- Momentum Strategies:** Performance in this cohort was mixed, reflecting the lack of a clear directional trend for much of the month. Momentum stalled in US equities. Crucially, our core models signaled to **maintain long exposure** to the primary uptrend. While this positioning resulted in a higher realized Beta (1.34) and downside capture (134.7%), it was a deliberate, risk-aware decision to avoid the cost of being whipsawed by short-term market noise. The Emerging Markets strategy similarly tracked the decline in Emerging Markets, finishing down approximately 2% on the month.
- Mean Reversion & Volatility-Based Strategies:** Despite the overall increase in market volatility (Fund Volatility: 22.5%), our Mean Reversion strategies were **not triggered** to activate in any significant manner. This demonstrates the system's discipline in only engaging at extreme price dislocations, which, by definition, were scarce in this environment of consolidation. This restraint prevented the fund from forcing tactical trades in a range-bound market.

- **Multi-Asset Strategies: Alpha Generation in Gold and XLP:** Our systematic multi-asset logic provided crucial portfolio support and alpha while the equity markets struggled.
 - **Gold Strategy:** Gold resumed its prior uptrend, and our strategy successfully capitalized on this momentum, generating a gain of **8.5%** for the month.
 - **Consumer Staples (XLP) Strategy:** Following months of underperformance, the Consumer Staples sector reversed its downtrend. Our **XLP strategy** successfully identified and captured this relative strength, gaining **5.0%** and helping to offset the lag in broader index strategies

Sector Commentary

November saw the realization of Octobers concerns about US equities volatility

- **Market Breadth: The Decisive Signal:** The most constructive development during November was the significant improvement in market breadth that materialized at the end of the month. A reversal of this strength has historically been a reliable technical signal for further equity gains. This dramatic improvement provided immediate relief to the cautionary technical signals that were flashing at the close of October.
- **Utilities (XLU) and the AI Narrative:** The traditionally defensive Utilities sector continued its consolidation, declining an additional 1% during the month. More importantly for the fund's risk profile, the XLU sector continues to exhibit a positive correlation with the high-growth technology sector. This diminished the intended portfolio-dampening effect of our defensive strategies, directly contributing to the Fund's higher realized total volatility (22.5% annualized) and Beta (1.34) for the month. We are monitoring this evolving inter-asset correlation closely to ensure our systematic controls remain effective.
- **Semiconductors:** The Semiconductor sector experienced significant two-way volatility, declining as much as 12% before recovering aggressively in the final week to end down nearly 3%. This wide dispersion is an expected feature of high-growth technology sectors. Given the hype surrounding Ai and the “Bubble/No-Bubble” discussion, increased volatility seems likely for the foreseeable future.

Performance Metrics

November was a more volatile month for the strategies, although within expectations and in line with model parameters under the circumstances and technical conditions in the market.

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

Monthly Performance Metrics for November 2025:

	BWC Founders Fund	S&P500 TR (SPXTR)
Volatility (Annualized)	22.5%	15.4%
Sharpe Ratio	(.26)	.28

Sortino Ratio	(.40)	.39
Daily Win Rate	52.6%	63.2%
Upside Capture Rate	122.9%	
Downside Capture Rate	134.7%	
Beta (SPXTR)	1.34	
Correlation (SPXTR)	.91	

Market Outlook: Where do we go from here?

As we close the year, the environment heading into December remains characterized by elevated dispersion and intermittent volatility. The recovery in market breadth late in November offers a constructive signal for the closing weeks of the year.

The Systematic Edge: Our conviction lies not in the forecast, but in the process. We continue to prioritize objective, rules-based logic over subjective macro-predictions. The models remain **bullish but vigilant**, and we are well-positioned to dynamically adjust to a shifting regime.

This disciplined approach allows us to:

1. **Remain Fully Invested:** Our models will not prematurely abandon a defined uptrend based on short-term noise.
2. **Control Risk:** We are prepared to systematically increase hedging should the recent volatility crystallize into a sustained, long-term downtrend.

Year-End Performance and 2026 Allocations

This systematic discipline has delivered exceptional results over the course of the year. Since inception, the BWC Founders Fund has generated a net return of **28.3%**, significantly outpacing the S&P 500's total return of **18.2%** over the corresponding period. This outperformance, achieved while maintaining a lower total maximum drawdown and generating positive Alpha, validates the core value proposition of our systematic, risk-aware investment framework.

As you review your portfolio allocations for the new year, the BWC Founders Fund remains strategically designed to capture alpha across varied market cycles. We believe the Fund offers a compelling opportunity to initiate or increase systematic allocations in the first quarter of 2026.

We wish you and your family a safe, happy, and restful holiday season and the best for a prosperous New Year.

Thank you for your continued partnership.

BWC Founders Fund