

BWC Founders Fund – September 2025 Investor Update

To our valued investors and friends,

Market Overview and Fund Performance

September proved to be a strong month for the BWC Founders Fund, as our systematic strategies successfully navigated the market's continued advance and implemented effective hedging measures as market conditions transitioned towards overextended territory late in the month.

	BWC Founders Fund	S&P500 Total Return (SPXTR)
September 2025	5.3%	3.6%
Cumulative Net Return (Since Inception)	17.7%	15.2%

Since inception, the Fund has generated a net return of 17.73%, exceeding the SPXTR's return of 15.20% over the same period. Furthermore, this outperformance has been achieved while maintaining a lower total maximum drawdown and generating positive Alpha, reinforcing the value proposition of our systematic approach.

Strategy Insights

Our systematic strategies performed cohesively during the month, contributing to the strong absolute and relative returns:

- Momentum Strategies:** These strategies were the primary driver of gains early in the month, capitalizing on the continuing market rally. Positions participated fully in the upward trend, which persisted above key technical levels, contributing significant positive returns.
- Mean Reversion & Volatility-Based Strategies:** These strategies activated effectively towards the end of September as the market reached short-term overextended levels. Unlike previous months, the increased exposure to the Volatility Index (VIX) through strategic rotation provided meaningful positive value and generated additional gains. This marks the first month in nearly six months where Mean Reversion strategies provided substantial returns beyond simply complementing momentum assets, suggesting the highly resilient rally may be nearing a point of consolidation.
- Multi-Asset Strategies:** Gold continued its exceptional rally throughout the month, gaining approximately 12%. Gold is a core component of the portfolio, serving as both a hedge against equity exposure and a targeted source of growth. This holding contributed to the Fund's September outperformance. We continue to value Gold's role as a hedge against potential economic weakness and dollar debasement, though we anticipate the possibility of some near-term consolidation following such a pronounced rally. Diversification across asset classes and rigorous system logic remains a foundational aspect of the Fund's investment process.

Sector Commentary

As mentioned in August's letter, the Consumer Staples (XLP) sector continues to underperform, declining by 2.3% during the month, reinforcing the view of the market's current 'risk-on' appetite.

Conversely, the Utilities (XLU) sector—traditionally defensive—saw strong gains of 4.1%, outperforming the S&P 500. This is largely attributed to expectations of increased power demand from AI data centers, a prevailing theme throughout the year. The XLU is now up nearly 20% year-to-date, exceeding the S&P 500's performance over the same period.

This is an interesting divergence and shows how traditionally defensive sectors can be very valuable components of a balanced systematic portfolio both as hedges but also for targeted growth.

Performance Metrics

The success of the hedging activity late in the month resulted in significantly lower Beta and Correlation to the benchmark for September. Beta of the fund for September was .4, and R value was .27 relative to the benchmark.

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 September 30, 2025:

	BWC Founders Fund	S&P500 TR (SPXTR)
Sharpe Ratio	1.32	1.20
Sortino Ratio	3.38	1.84
Information Ratio	.70	
Alpha (SPXTR)	14%	
Beta (SPXTR)	.99	
Correlation (SPXTR)	.75	

Risk & Volatility. The Fund recorded an annualized volatility of 10.5%, compared to 6.6% for the SPXTR benchmark. This reflects a generally low-volatility environment in the markets broadly; we will not be surprised to see volatility pick up entering the fourth quarter.

The Fund's cumulative Beta metric dropped below 1.0 this month for the first time (0.99). We anticipate this metric will continue to decrease over time, especially if the markets experience a pullback that our strategies successfully minimize.

Market Outlook and Final Thoughts The precise timing of a market pullback following this prolonged and strong rally remains uncertain. The key benefit of utilizing systematic strategies, however, is that portfolio management is dictated by objective, rules-based logic rather than subjective macro-predictions.

Thank you for your continued partnership.

BWC Founders Fund

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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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