

BWC Founders Fund – January 2026 Investor Update

To our valued investors and friends,

Market Overview and Fund Performance

Welcome to 2026. January delivered exceptional performance driven by the strategic opportunities we were well positioned for, with the broader S&P 500 posting a return of +1.5%. The BWC Founders Fund delivered +7.6% net of fees in January—one of our strongest monthly performances since inception—significantly outpacing the benchmark by 6.2 percentage points.

	BWC Founders Fund	S&P500 Total Return (SPXTR)	Δ Vs. (SPXTR)
January 2026	7.6%	1.5%	6.2%
Cumulative Net Return (Since Inception)	38.9%	20.0%	18.9%

The Fund's cumulative net return of 38.9% since inception in March 2025 now exceeds the S&P 500's 20.0% by 18.9 percentage points—nearly doubling the benchmark's return over the same period. This sustained outperformance reflects the consistent value of our systematic approach. Importantly, this alpha generation has been achieved with superior risk management and enhanced risk-adjusted performance metrics.

Strategy Insights

Following multiple years of above-trend returns and a brief consolidation period, January exhibited increased dispersion across sectors, geographies, and asset classes. While realized volatility in the S&P 500 increased only modestly, the primary narrative centered on extraordinary volatility in precious metals, and continued strength in Emerging Markets.

Our systematic strategies performed with discipline through this heightened market dispersion. The month's results underscore the crucial role of diversification and strict model adherence during periods of volatility and sector rotation.

Momentum Strategies: Performance in this cohort remained mixed as US equities consolidated near all-time highs. Rotation away from technology leadership into defensive sectors triggered more defensive positioning within our models. This reduced growth exposure and increased hedging resulted in exceptionally low realized Beta of 0.08 and correlation of 0.07 versus our benchmark.

Consequently, we achieved a downside capture rate of negative 103%—meaning on the average down day for the S&P 500, the portfolio generated a net gain. Our Emerging Markets strategies successfully captured the sharp continuation of 2025's uptrend, with the region resuming its robust performance during the month.

Mean Reversion & Volatility-Based Strategies: Despite a modest uptick in market volatility, broader US equity markets did not trigger significant mean reversion opportunities. However, these strategies increased hedging during the month, and this disciplined restraint prevented the Fund from forcing tactical trades in a range-bound market. The result was further reduction in both realized Beta and correlation with the broader market.

Multi-Asset Strategies: Alpha Generation in Gold and Emerging Markets: Gold and Silver dominated market attention during January, delivering both spectacular gains and historic volatility. Following very strong performance in 2025, both metals extended their rally with extraordinary momentum—Gold surging over 25% and Silver climbing an eye-popping 65% during the month—before reversing course in equally spectacular fashion on the final trading day. Silver plummeted over 30% and Gold declined over 10% in a single session, marking truly historic intraday moves.

Gold Strategy: Our Gold strategy delivered exceptional results, generating a gain of approximately 45% for the month by capitalizing on both the extreme momentum rally and the subsequent historic mean reversion. While our mean reversion logic is primarily deployed for hedging and volatility reduction—not necessarily to capture value in both directions—the extreme, historical overbought conditions in both metals triggered our models to establish fairly aggressive short positions that were ultimately rewarded.

Mean reversion does not always manifest in explosive single-day moves of this magnitude. However, the asymmetrical risk-return opportunity present during these extreme periods is precisely why we integrate mean reversion logic across our systematic strategies.

Emerging Markets Strategy: Emerging Markets significantly outperformed US indices in 2025, with the iShares MSCI Emerging Markets ETF (EEM), an ETF we use to track and benchmark our EM strategies, gaining approximately 34% compared to the S&P 500's return of approximately 18%.

January saw EM resume its strong performance with a monthly gain of approximately 7.7%. Our EM strategy delivered solid outperformance with a gain of approximately 18% during the month. This outperformance resulted from successfully capturing a sustained uptrend throughout most of the month, followed by a meaningful mean reversion opportunity at month-end that we captured effectively. Our Emerging Markets strategy has been among our best-performing strategies since inception.

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 January 2026:

	BWC Founders Fund	S&P500 Total Return (SPXTR)
Volatility (Annualized)	11.3%	10.4%
Sharpe Ratio	9.83	1.79
Sortino Ratio	52.58	2.38
Daily Win Rate	65.0%	60.0%
Upside Capture Rate	95.0%	—
Downside Capture Rate	-103.6%	—
Beta (SPXTR)	0.08	—
Correlation (SPXTR)	0.07	—

Key Achievements:

- **Superior Risk-Adjusted Returns:** A Sharpe Ratio of 9.83 versus 1.79 for the benchmark, and a Sortino Ratio of 52.58 versus 2.38, demonstrate that outperformance was achieved with disciplined risk management, not excessive volatility.
- **Favorable Capture Ratios:** An Upside Capture Rate of 95.0% combined with a Downside Capture Rate of -103.6% reflects the asymmetric return profile that a diversified portfolio of systematic strategies are designed to deliver—participating meaningfully in rallies while mitigating, or in the case of January, gaining even 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 move through 2026, the market faces a complex backdrop. The AI-fueled rally enters its fourth year, and January saw artificial intelligence and the "Magnificent 7" underperform other sectors for the first time in recent history. With the Mag7 comprising a material percentage of the cap weighted indexes, the sustainability of broader index gains may depend on whether mega-cap technology stocks resume leadership—a dynamic worth monitoring closely throughout 2026.

Long-term trends continue to remain intact, with momentum signals staying positive and consensus estimates for 2026 earnings growth hovering near 10%. However, as we noted in our December letter, 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.

January's exceptional results exemplify the power of this approach. The 45% gain in our Gold strategy and the negative 103% downside capture ratio were not the product of market predictions, but rather the systematic execution of rules-based logic across extreme market conditions.

This disciplined, adaptive approach has delivered exceptional results through the opening month of 2026 and positions the Fund to navigate whatever market conditions the year 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

January 2026

BWC Founders Fund, LLC

Summary Factsheet



Key Highlights

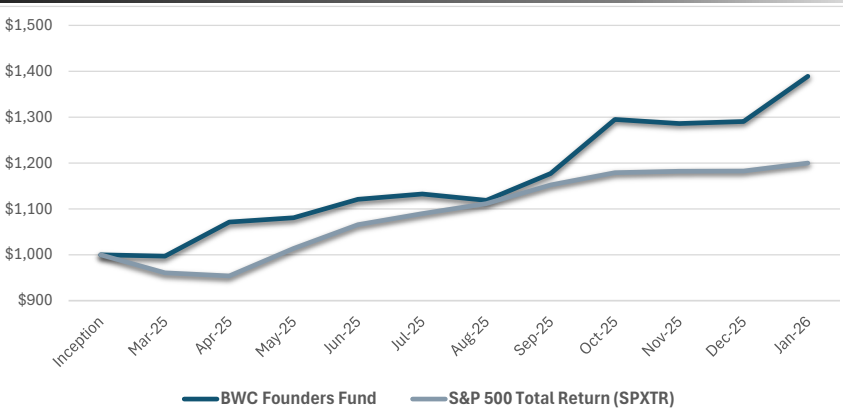
- Investor-Aligned Fee Structure:** Performance fees are only charged after the Fund exceeds a 10% soft hurdle rate in the performance period.
- Exceptional Liquidity:** Monthly subscription and redemption periods available.
- Regular Capital Return:** Quarterly profit distributions available to investors.
- Systematic & Multi-Asset Diversification:** Data-driven, long/short trading across global equities, commodities, bonds, currencies, and select crypto ETFs
- Clear Outperformance Target:** Strategically designed to outperform the S&P500 Index on a risk-adjusted basis

Investment Strategy

The BWC Founders Fund utilizes a robust, multi-factor, systematic portfolio of strategies designed to generate **superior risk-adjusted returns** across diverse market cycles. We deploy multi-asset, long/short trading primarily across U.S. and global equities, while maintaining tactical allocations to volatility products, commodities, bonds, currencies, and cryptocurrency ETFs. Our objective is clear: **consistently outperform the S&P 500 Total Return Index** while diligently managing downside risk.

Our proprietary system is powered by three core quantitative factors: Momentum, Asset Correlation, and Mean Reversion. This data-driven, factor-based approach creates a dynamic and non-discretionary structure designed to capture alpha while mitigating behavioral risk.

Monthly Performance - Cumulative Net Returns of \$1,000 Investment



Monthly Returns Table

(Net Returns)

BWC Founders Fund													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025			-0.3%	7.4%	0.9%	3.7%	1.0%	-1.2%	5.3%	10.0%	-0.7%	0.3%	29.1%
2026	7.6%												7.6%
S&P 500 Total Return (SPXTR)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025			-4.0%	-0.7%	6.3%	5.1%	2.2%	2.0%	3.6%	2.3%	0.2%	0.1%	18.3%
2026	1.5%												1.5%

Fund Manager



Rogan McGillis, Founder and CEO of Blackworks Capital, is the Fund Manager. As the Head of Systematic Investing, he is directly responsible for designing and deploying the quantitative models that drive the Fund's multi-factor strategies.

Fund Performance

(Net Returns)

	BWC	S&P500	Δ
1 Month	7.6%	1.5%	6.2%
3 Month	7.2%	1.8%	5.5%
6 Month	22.6%	10.1%	12.5%
Cumulative	38.9%	20.0%	18.9%
Cumulative Annualized	43.1%	22.0%	21.1%

General Information

Company	BWC Founders Fund, LLC
Auditor	Spicer Jeffries, LLP
Administrator	RePool, LLC
Minimum Investment	100,000 USD
Liquidity	Monthly (subject to lockup period)
Management Fee	2.00%
Performance Fee	15.00%
Highwater Mark	Yes
Performance Hurdle	10% (Soft Hurdle)

Performance Statistics

(Based on Daily Gross Returns)

	BWC	S&P 500
Volatility (Annualized)	24.8%	18.9%
Max Drawdown	-10.2%	-14.7%
Daily Win Rate	59.1%	58.3%
Sharpe Ratio	1.87	1.15
Sortino Ratio	4.49	1.73
Calmar Ratio	5.33	1.50
Omega Ratio (15% MAR)	1.45	1.09
Information Ratio	1.92	
Alpha (Annualized)	33%	
Beta	0.96	
Correlation	0.73	
Upside Capture Rate	81.6%	
Downside Capture Rate	45.4%	

Important Disclosures: Blackworks Capital LLC manages hedge funds through its subsidiary, Blackworks Capital Management LLC, an Exempt Reporting Advisor registered in the State of Colorado. 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 applicable fund's 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.

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