

BWC Founders Fund – October 2025 Investor Update

To our valued investors and friends,

Market Overview and Fund Performance

October delivered a robust performance period for the BWC Founders Fund. Our diversified portfolio of systematic strategies demonstrated its value by effectively navigating a month marked by **heightened volatility** and sideways trading in the broader US equities market. The rules-based nature of our approach enabled the successful execution of **tactical hedging** on multiple occasions, which served to **mitigate downside risk** while capturing opportunistic returns through diversification.

	BWC Founders Fund	S&P500 Total Return (SPXTR)
October 2025	10.0%	2.3%
Cumulative Net Return (Since Inception)	29.2%	17.9%

Since inception, the Fund has generated a net return of 29.2%, significantly outpacing the S&P500's total return of 17.9% over the corresponding period. Furthermore, this outperformance has been achieved while maintaining a lower total maximum drawdown and generating positive Alpha, validating the core value proposition of our systematic, risk-aware investment framework.

Strategy Insights

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

- **Momentum Strategies:** Performance in this cohort was **mixed**. Momentum stalled in US equities due to the consolidation phase following the mid-month pullback. Similarly, Gold and Emerging Markets experienced a deceleration in their trending behavior, leading to a neutral contribution from these models.
- **Mean Reversion & Volatility-Based Strategies:** These strategies activated effectively multiple times during the month across all asset classes in the portfolio. After contributing to outperformance in September, the increased exposure to the Volatility Index (VIX), our Mean Reversion strategies again provided substantial returns and mitigated drawdown and volatility in October.
- **Multi-Asset Strategies:** Our rigorous, systematic multi-asset logic proved crucial for alpha generation in October.
 - **Gold Strategy:** Despite Gold's sharp 10% reversal after an early rally (ultimately finishing up 3.5%), our strategy successfully utilized its tactical Mean Reversion component to **defensively clip exposure and mitigate drawdown** on multiple occasions, yielding an **8%+** gain for the month.

- **Emerging Markets (EEM) Strategy:** The increased intra-month volatility in Emerging Markets, which tracked US performance but with greater dispersion, provided an ideal environment for our systematic models. Our strategies leveraged this volatility to generate **24%+** returns, significantly exceeding the EEM benchmark's **3.5%** gain.

Sector Commentary

October saw significant shifts in sector dynamics, prompting a cautious outlook.

Consumer Staples (XLP): Continuing the trend noted in August and September, the Consumer Staples sector declined by 2.7% in October. This underperformance was exacerbated by weaker-than-expected sector earnings. While technical weakness in defensive sectors can signal a "risk-on" environment, the concurrent deterioration in earnings quality and broader technical fragility across other segments suggests underlying market vulnerabilities, justifying a more cautious expectation about the extension of the rally.

- **Utilities (XLU) and the AI Narrative:** The traditionally defensive Utilities sector exhibited mid-month volatility following a robust start. Despite a late-month reversal, XLU remains up over 20% year-to-date, significantly outperforming the S&P 500. The sharp reversal, however, suggests the sector's outsized, AI-driven momentum may be nearing a consolidation phase.
- **Financials (XLF) and Liquidity Concerns:** The most pressing concern arose from the Financials sector, which lagged the broader market with a 2.8% decline. This weakness coincided with a sharp repricing of risk in the opaque Private Credit markets, evidenced by multiple defaults. This stress contributed to widening overnight funding spreads (SOFR) and, notably, a surge in bank utilization of the standing Fed REPO facility. The increased demand for official sector liquidity may have influenced the Federal Reserve's decision to pause its Quantitative Tightening (QT) program, highlighting systemic fragility.

Performance Metrics

The success of the Mean Reversion strategies and multi asset diversification led to meaningful outperformance of the portfolio's strategies during the month while maintaining volatility in line with the market.

New Performance Metric: Upside/Downside Capture Rate

We are pleased to introduce the **Upside/Downside Capture Rate** to enhance the transparency of our risk management. This metric quantifies the degree to which the Fund participates in market movements, specifically measuring the percentage of the benchmark's gains captured on up days (Upside Capture) versus the percentage of the benchmark's losses incurred on down days (Downside Capture). This metric is similar to Beta in that it is attempting to provide visibility in to directional participation, the main difference being that Beta does not differentiate between up days and down days and, over time, can provide a false sense of muted volatility in a Fund that utilizes long/short and hedge logic periodically. Beta of a strategy may be lower than the benchmark over time, but higher than the benchmark day-to-day. Differentiating between up days and down days provides an additional lens in to both total volatility and hedge effectiveness.

This metric provides a clear window into how our systematic Mean Reversion and hedging strategies are operating. In October, for instance, our downside mitigation was highly effective, resulting in an average loss of effectively zero on days when the market experienced a decline. Our long-term objective is to sustain an

Upside Capture Rate that exceeds our Downside Capture Rate, supported by a competitive Daily Win Rate, which taken together create a recipe for sustained market outperformance and Alpha.

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 October 2025:

	BWC Founders Fund	S&P500 TR (SPXTR)
Volatility (Annualized)	13.6%	13.6%
Sharpe Ratio	8.93	1.93
Sortino Ratio	22.95	3.41
Daily Win Rate	78.3%	65.2%
Upside Capture Rate	136.8%	
Downside Capture Rate	-.9%	
Beta (SPXTR)	.55	
Correlation (SPXTR)	.55	

Market Outlook: Capitalizing on Dispersion and Uncertainty

As we articulated in September, the market continues to exhibit signals—such as deteriorating breadth and specific sector stress—that point toward a potential period of consolidation or tactical pullback.

The precise timing of any such correction is, by definition, unknowable. This fundamental uncertainty, however, underscores the key benefit of our systematic approach.

- **Rules over Emotion:** Our portfolio management is dictated by objective, rules-based logic rather than subjective macro-predictions or emotional reactions to market noise. This critical discipline allows us to remain fully invested and tactically active, identifying and capturing opportunities in volatility while concurrently controlling risk.
- **The Systematic Edge:** The current environment, characterized by elevated dispersion and intermittent volatility, is precisely when a systematic, multi-strategy framework excels. As witnessed in October, our Mean Reversion and Volatility strategies are designed to monetize the short-term fluctuations that often accompany market indecision.

Our conviction lies not in the forecast, but in the process. We remain well-positioned to dynamically adjust to a shifting regime, whether the market extends the rally or enters a period of heightened consolidation.

Thank you for your continued partnership.

BWC Founders Fund

October 2025

BWC Founders Fund, LLC

Summary Factsheet



Key Highlights

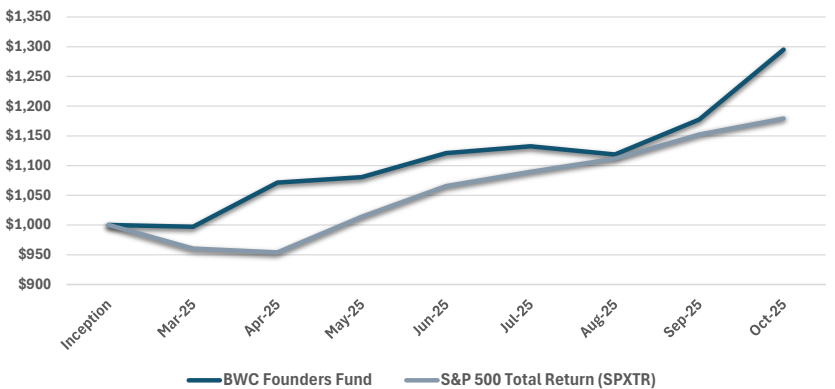
- Investor-Aligned Fee Structure:** Performance fees are only charged after the Fund exceeds a 10% soft hurdle rate in the performance period.
- Exceptional Liquidity:** Monthly subscription and redemption periods available.
- Regular Capital Return:** Quarterly profit distributions available to investors.
- 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: **to consistently outperform the S&P 500 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	Year
2025			-0.3%	7.4%	0.9%	3.7%	1.0%	-1.2%	5.3%	10.0%			29.2%
S&P 500 Total Return (SPXTR)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025			-4.0%	-0.7%	6.3%	5.1%	2.2%	2.0%	3.6%	2.3%			17.9%

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-asset strategy.

Fund Performance

1 Month (Net)	3 Month (Net)	6 Month (Net)
10.0%	14.0%	20.6%
Annualized Return (Net)		Total Return (Net)
Monthly Annualized Return		Inception to date
47.4%		29.2%

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)	27.5%	20.9%
Max Drawdown	-10.2%	-14.7%
Daily Win Rate	58.0%	58.6%
Sharpe Ratio	1.80	1.28
Sortino Ratio	4.64	1.94
Calmar Ratio	5.75	1.89
Omega Ratio (15% MAR)	1.49	1.14
Information Ratio	1.65	
Alpha	32%	
Beta	0.97	
Correlation	0.73	
Upside Capture Rate	76.2%	
Downside Capture Rate	41.4%	

Important Disclosures: Blackworks Capital LLC manages hedge funds through its wholly owned 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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