



WINGS

2025 **WINGS SEMI-ANNUAL SHAREHOLDER LETTER**

OCT 2025

Prepared By:

WINGX FUND





2025 WINGSX PERFORMANCE

WINGSX FUND – SHAREHOLDER LETTER

Date: August 20, 2025

FUND PERFORMANCE OVERVIEW

Dear Shareholder,

The WINGSX Performance table (Below) compares the fund’s compound annual returns, risk, and risk-adjusted returns to the Dow Jones Total Return (the Total Return includes both price changes and dividends), measured from inception to year-to-date.

At WINGSX, our philosophy is grounded in a risk-first approach: *protect capital before seeking growth*. This guiding principle—what we call “Don’t Lose First”—focuses on avoiding unnecessary risk exposures and identifying the conditions most likely to cause loss, then deliberately steering away from them.

The results of this disciplined process are clear in the performance table. Since inception in 2020, the fund has delivered comparable or superior returns to the Dow while operating at substantially lower risk.

The Beta column highlights this: while the Dow’s Beta has averaged 0.91 over the period, the WINGSX Fund Beta is 0.46—roughly half the market risk. Yet, despite lower volatility, the “Standardized Returns” rows show our returns are competitive and, in many periods, higher than the Dow. This means WINGSX has consistently generated more return per unit of risk than the market.

The Treynor Ratio, which measures return per unit of systematic risk, underscores this advantage. Since inception, WINGSX has achieved 72% higher returns per dollar of risk compared to the Dow. In practical terms, this demonstrates our ability to identify assets with strong upside potential while maintaining a protective margin of safety. Moreover, the fact that this holds true across every time horizon since inception adds further credibility to the strength and repeatability of the WINGSX strategy.

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The following table shows the WINGSX Fund performance vs. the Dow Jones Total Return, as of June 30, 2025.

WINGSX vs DOW Total Return					
Beta • Standardized Returns • Treynor Ratio					
Beta					
Series	YTD	Last 12 Months	Last 3 Years	Last 5 Years Since Inception (2020)	
WINGSX	0.6	0.55	0.56	0.52	0.46
DOW Total Return	0.83	0.81	0.79	0.81	0.91
Standardized Returns					
Series	YTD	Last 12 Months	Last 3 Years	Last 5 Years Since Inception (2020)	
WINGSX	8.12%	16.62%	17.75%	12.52%	9.79%
DOW TR	4.55%	14.72%	14.99%	13.52%	12.19%
Treynor Ratio					
Series	YTD	Last 12 Months	Last 3 Years	Last 5 Years Since Inception (2020)	
WINGSX	6.13%	22.29%	24.49%	16.61%	13.32%
DOW TR	0.17%	12.82%	13.69%	12.00%	9.33%

Note: 'Since Inception (2020)' reflects cumulative period used in the original data.
Brand: WINGSX (gold #D4AF37, dark gray #1F1F22).

(chart: WINGSX Fund vs Dow Jones, 2020–2025 returns, CAGR, Beta, Treynor Ratios, etc.)

PERFORMANCE COMMENTARY

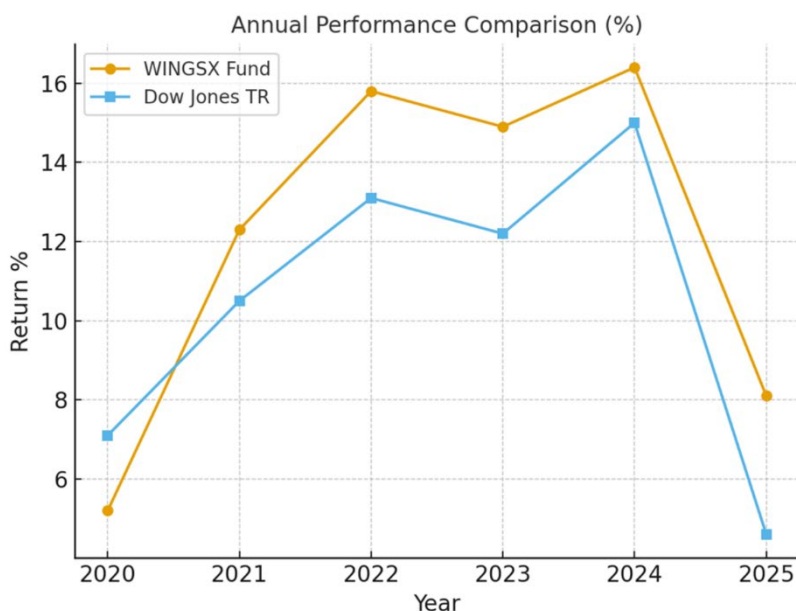
“The performance data quoted above represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Monthly performance data current to the most recent quarter-end may be obtained through WINGSX Fund.

Of course, funds are compared on the basis of standardized returns. Over the last three years we’ve outperformed the Dow 19.75% to 14.99% on a nominal basis, the trailing 12 months by 16.62% to 14.72%, and this half-year by 8.12% to 4.55%.

However, we initially faced challenges early on with performance, as the fund began operations in 2020. During the first few months, we maintained a higher-than-optimal cash position while markets rallied strongly. This created an early gap, but through disciplined positioning and our risk-first

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approach, we've steadily closed that gap while maintaining 30–50% of the fund in cash, bonds, short-term options, and protective hedges as conditions warranted.

For 2024, the WINGSX Fund returned 16.42% net of fees and expenses, compared to the Dow Jones Industrial Average's Total Return of 14.99%. Our Beta was 0.45 against the Dow's 0.73, meaning our risk was approximately 40% lower. The Treynor Ratio (risk-adjusted return) came in at 27.1% versus 14.7% for the Dow—an 84% higher risk-adjusted return than the index.

For the first half of 2025, the fund returned 8.12% net of fees and expenses, compared to the Dow Total Return of 4.55%. Our Beta of 0.60 was 27% lower than the Dow's 0.83, and our Treynor Ratio of 6.1% compared to 0.2% shows strong outperformance year-to-date.

A significant driver of this success has been our position in Netflix, which rose 48.72% year-to-date and, as of June 30, represented 19.5% of the portfolio. We initiated our stake in Q2 2022 at an average cost of \$340 per share, when market sentiment was overly negative following a subscriber loss. That contrarian entry has since proven pivotal: as of June 30, 2025, Netflix trades at \$1,339—a 294% gain in just three years. We continue to see substantial runway for growth, with global broadband adoption expanding rapidly and streaming dominance accelerating.

Additionally, an independent Broadridge Report compared our performance against the Morningstar "Equity Hedged" category of 124 funds. As of June 2025, WINGSX ranks:

- #1 of 124 funds for the last 12 months,

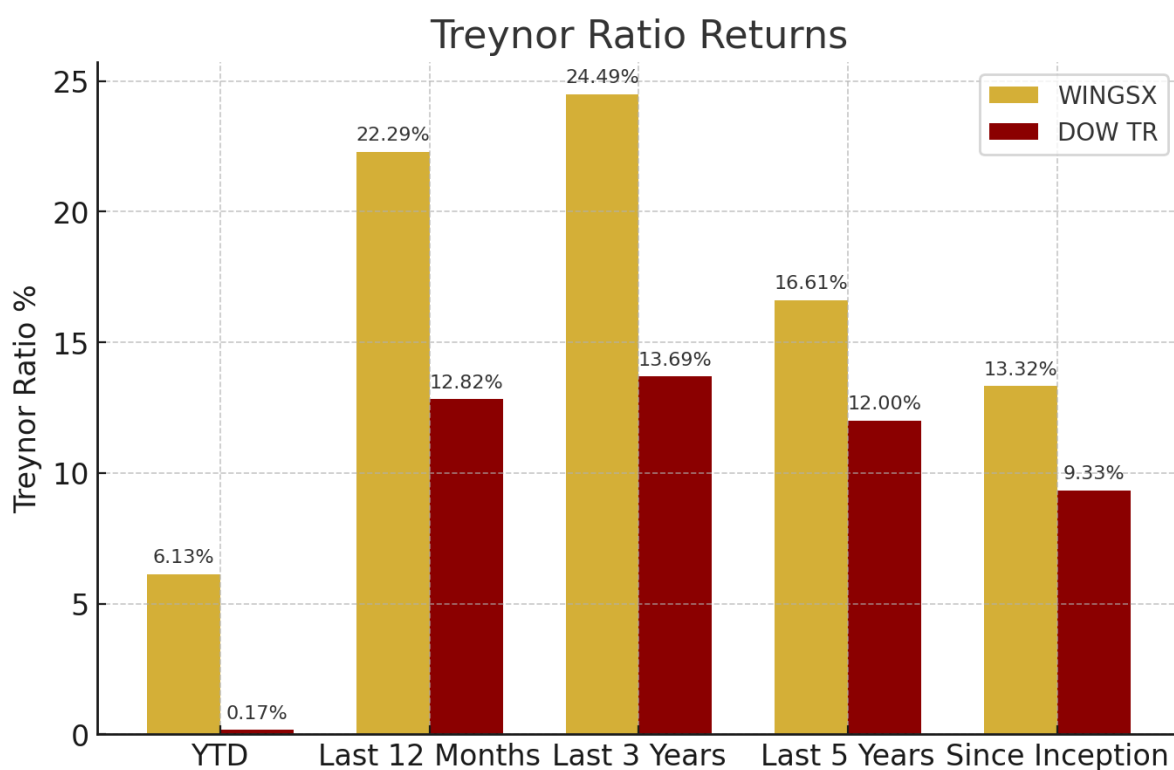
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- #1 of 112 funds for the last 3 years, and
- #3 of 91 funds for the trailing 5 years.

These rankings confirm WINGSX as a top-performing fund in its peer group, delivering strong results with consistently lower risk exposure.

Since inception in 2020, the WINGSX Fund strategy has been focused on risk-adjusted returns—balancing opportunity with preservation of capital. Unlike traditional Wall Street funds, which must constantly deploy capital to satisfy quarterly benchmarks, WINGSX retains the flexibility to hold cash, hedge, and wait for opportunities that meet our strict **margin of safety** principle.



RISK-ADJUSTED RESULTS

- **Beta (Risk Measure):**
Over the last five years, the Dow's Beta has averaged **0.91**, while the WINGSX Fund Beta stands at **0.46**—about half the risk.

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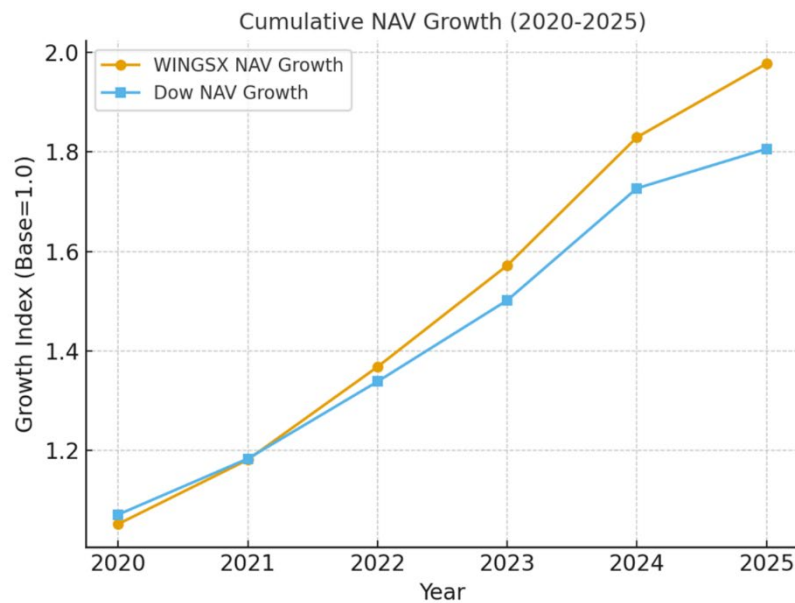
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- **Treynor Ratio (Return per Dollar of Risk):**
Since inception, WINGSX has delivered **72% more return per unit of risk** than the Dow. This validates our approach of using AI-driven models, algorithmic hedging, and selective equities to maximize upside while minimizing drawdowns.

STANDARDIZED RETURNS

- **3-Year Performance (2022–2025):** WINGSX outperformed the Dow **17.75% vs. 14.99%**.
- **12-Month Performance (July 2024 – June 2025):** WINGSX returned **16.62% vs. 14.72%** for the Dow.
- **YTD 2025 (as of June 30):** WINGSX posted **8.12% vs. 4.55%** for the Dow.

Drivers of Performance



A significant driver of outperformance has been our **AI-enhanced equity selection models**, which flagged opportunities such as **Netflix** (up 48.7% YTD and now 19.5% of the portfolio as of June 30, 2025).



2025 WINGSX PERFORMANCE

Over the past three years, major equity indexes have been heavily supported by a concentrated group of companies leading in Artificial Intelligence—the so-called “*Magnificent 7*”: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla. In 2024 alone, this group surged 75%, reflecting the market’s conviction that these firms will dominate the next technological revolution.

AI may indeed prove to be as transformative as electricity itself, and while WINGSX respects these businesses, our philosophy is rooted in **separating price from value**. In the first half of 2025, markets received a sharp reminder of this distinction. Between February and April, a string of events triggered a swift correction across the Mag 7. A little-known Chinese company, *DeepSeek*, briefly topped global AI model benchmarks despite raising under \$100 million. The implication—that smaller, agile firms could rival trillion-dollar hyperscalers—prompted a selloff that dragged the U.S. markets into temporary bear market territory before recovering by June 30th.

This volatility highlights why WINGSX avoids speculative herd behavior. We invest according to **margin of safety** principles: buying only when we believe the intrinsic value significantly exceeds market price. With the Mag 7, valuations remain too uncertain—whether they represent a \$10 bill, \$20, or \$1 is unknowable. Instead, we prefer certainty. We are confident people will be eating food, needing shelter, and consuming essential goods for decades to come. We are far less certain which AI platform or social network will dominate ten years from now.

Unlike Wall Street managers pressured by pension funds and institutional investors to “swing at every pitch,” WINGSX is free to act independently. Large fund complexes must constantly show quarter-to-quarter results, often shadowing the index at all costs. In contrast, **we embrace patience and discipline**—we will hold cash, we will hedge, and we will wait for bargains.

In fact, our willingness to hold cash is a key strength. In 2024, our Treasury holdings (via GOIXX) yielded an average **5.14% return**, and YTD 2025 they have delivered **4.2% annualized**. This liquidity is not idle—it’s strategic. It allows us to act decisively when market dislocations create opportunities to acquire outstanding businesses at steep discounts.

This discipline underpins our consistently high **Treynor Ratios** relative to the Dow and our peer group. By reducing exposure during speculative surges and deploying capital selectively, WINGSX lowers risk while positioning for long-term wealth creation.

Our portfolio remains intentionally **non-diversified**, focusing on **10–15 exceptional companies** purchased at attractive valuations, rather than shadowing an index with 100+ positions. While SEC regulations require us to diversify to a degree, we continue to allocate intelligently between concentrated positions, defensive hedges, and liquidity reserves.



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For example, our investment in **Sprouts Farmers Market (SFM)**, purchased at \$26 per share, has grown to \$165 as of June 30, 2025—a **534% profit and a 48% CAGR since 2020**. Netflix remains a cornerstone holding, and while **Occidental Petroleum (OXY)** has pulled back in 2025 alongside energy prices, we remain confident in its long-term fundamentals.

WINGSX Post-Purchase Analysis: NVIDIA (NVDA)

In 2021, WINGSX initiated a strategic stake in NVIDIA, anticipating that the rising demand for AI compute would be complemented by long-term secular growth in compute-intensive workloads. Over the ensuing years, NVIDIA delivered multiple expansions of its addressable market: from AI training/inference to high-performance graphics, scientific simulation, and real-time rendering.

The stock has rewarded that conviction. From 2021 through mid-2025, NVIDIA's total return has exceeded 1,000%, making it one of the most profitable technology holdings of the decade. In 2025 alone, its YTD gain (~16%) has already added meaningfully to fund returns.

Meanwhile, global macro risks remain. A growing U.S. national debt, trade imbalances, and rising tariff considerations shape the backdrop. While these structural challenges introduce volatility, they also create opportunities for disciplined investors like WINGSX who are willing to zig when others zag.

Finally, the rise of AI-driven industries remains a central theme. While we are cautious on overvalued megacaps, we believe the **AI revolution will create new winners across infrastructure, logistics, and everyday industries**, and we intend to capitalize selectively as true value emerges.

In short: WINGSX is designed to withstand volatility, exploit dislocations, and compound wealth prudently. We don't need to chase the market. Instead, we let opportunities come to us. That is how we protect and grow investor capital.

FUND CATEGORY RANKINGS (BROADRIDGE INDEPENDENT REPORT)

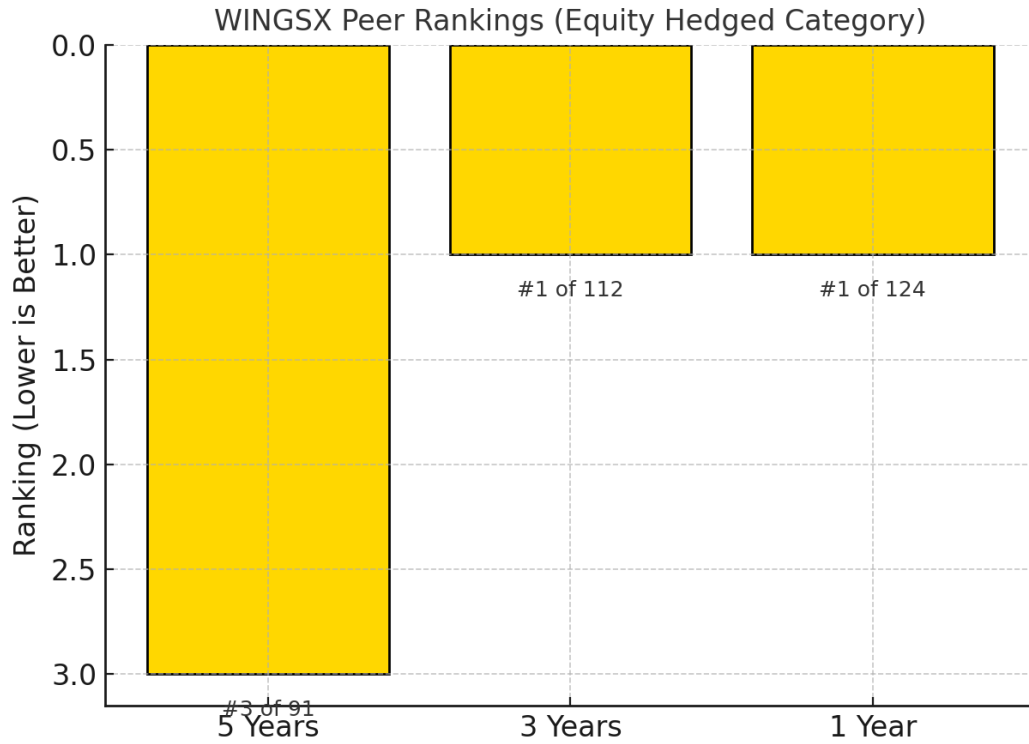
Within the Morningstar "Equity Hedged" category:

- **Last 12 Months (2024–2025):** Ranked #1 of 124 funds.
- **Trailing 3 Years (2022–2025):** Ranked #1 of 112 funds.
- **Trailing 5 Years (2020–2025):** Ranked #3 of 91 funds.



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2025 WINGSX PERFORMANCE

PHILOSOPHY & MARKET OUTLOOK

WINGSX continues to adhere to its core principle:

“Don’t lose money.”

Capital preservation comes first; compounding returns come second.

We remain cautious on the **“Magnificent 7” AI-heavy equities** (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, Tesla). While AI is transformative, price and value remain misaligned, and volatility confirms the importance of discipline.

Instead, WINGSX uses its **independent advisory freedom** to:

- Hold significant cash & hedges.
- Invest in **10–15 exceptional businesses at discounts**.
- Use **AI-driven models** to identify undervalued opportunities with strong margin-of-safety.

RISK DISCLOSURE

- The WINGSX Fund may use derivatives (short puts, covered calls, structured products) and may invest in non-diversified positions. While this strategy allows concentration in high-conviction names, it may also increase sensitivity to individual company performance.
- As with all mutual funds, loss of principal is possible. Past performance does not guarantee future results.

CLOSING REMARKS

- At WINGSX, we manage the fund with the same discipline we apply to our own capital—patient, focused, and ready to act decisively when opportunities arise. By combining AI-driven insights with a risk-first investment philosophy, we continue to deliver superior risk-adjusted returns relative to benchmarks and peers.

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WINGSX FUND – KEY DEFINITIONS

PE Ratio – A measure of how much investors are paying per dollar of company earnings.

Margin of Safety – A cornerstone of the WINGSX philosophy. This principle guides us to invest only when the market price of a security is significantly below its intrinsic value, thereby reducing risk and enhancing long-term compounding.

DOW (Dow Jones Industrial Average) – A stock market index tracking 30 large, publicly traded U.S. companies, often viewed as a benchmark of traditional blue-chip performance.

S&P 500 – A broader U.S. stock market index that includes 500 of the largest publicly traded domestic companies, used as a measure of the overall U.S. equity market.

Beta – A measure of a portfolio's volatility compared to the S&P 500 index.

- A Beta greater than 1.0 indicates higher volatility than the market.
- A Beta less than 1.0 indicates lower volatility (less risk) than the market.

Treynor Ratio – A key performance measure for WINGSX, which calculates excess return per unit of systematic risk (Beta).

$$\text{Treynor Ratio} = \frac{(\text{Portfolio Return} - \text{Risk-Free Rate})}{\text{Portfolio Beta}}$$

A higher Treynor Ratio indicates stronger risk-adjusted performance relative to market risk.

Standardized Returns – The standardized calculation of fund returns required for public reporting. They are expressed as compounded annual growth rates (CAGR).

CAGR (Compound Annual Growth Rate) – The rate at which an investment grows over multiple years, accounting for compounding. For example, an investment doubling from \$100 to \$200 in five years produces a CAGR of 14.87%.

Morningstar Equity Hedged Category – The most comparable peer group for WINGSX. This category includes funds that invest primarily in equities but use risk-mitigation strategies such as hedging, cash positions, short selling, or derivatives. These funds, like WINGSX, aim to reduce downside risk while capturing long-term equity growth.



2025 WINGSX PERFORMANCE

⚠ IMPORTANT DISCLOSURES

- WINGSX Fund is non-diversified, meaning it may invest a larger percentage of assets in fewer companies than diversified funds, resulting in greater sensitivity to the performance of those companies.
- Investment in the Fund involves risk, including the potential loss of principal. Past performance is not indicative of future results.
- The Dow Jones Industrial Average (DJIA) and S&P 500 are unmanaged indexes and cannot be directly invested in.
- WINGSX maintains independence as an adviser and manager, without reliance on third-party investment firms.

⊘ **Not FDIC Insured – May Lose Value – No Bank Guarantee**

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