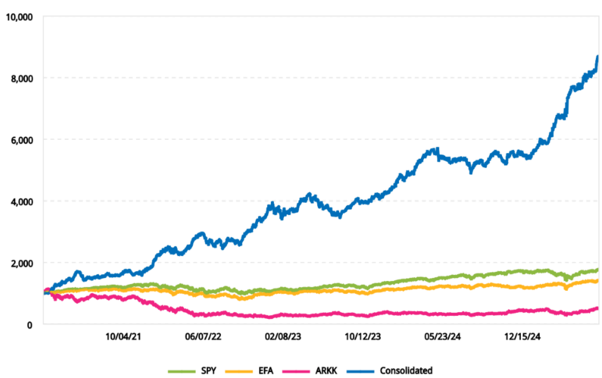
Militia Capital

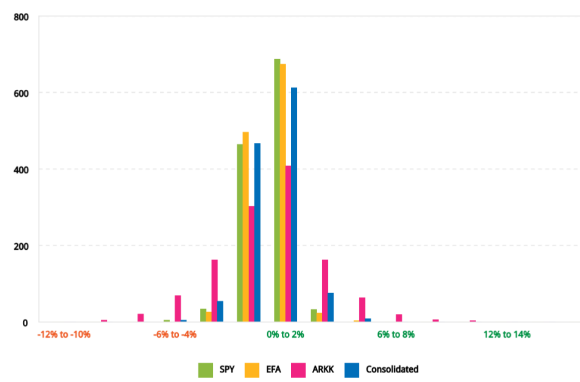
	Long	Short	Gross	Net	SP500	β	α	Δσ	Sharpe	AUM
Feb-Dec 2021	56%	20%	87%	72%	28%	-0.08	0.73	12.5	2.79	$16m
Full Year 2022	-11%	123%	98%	73%	-18%	0.02	0.70	0.5	2.83	$43m
Full Year 2023	58%	-27%	15%	15%	26%	-0.23	0.16	7.1	0.56	$58m
Full Year 2024	37%	-7%	27%	26%	25%	0.11	0.15	3.0	1.25	$85m
Year to Date	43%	11%	59%	45%	6%	-0.46	0.79	-3.1	4.36	$154m
Total	330%	102%	767%	526%	74%	-0.09	0.47	4.8	2.14	

Past performance does not guarantee future results.
Net of .5%/year management fee and 25% performance fee over S&P 500 returns.
Δσ = Militia Capital volatility - SP500 volatility, annualized.

Value Added Monthly Index (VAMI)



Distribution of Returns



Risk Measures

	SPY	EFA	ARKK	Consolidated
Ending VAMI	1,778.82	1,418.13	515.69	8,679.88
Max Drawdown	24.50%	29.49%	80.91%	18.23%
Peak-To-Valley	01/03/22 - 10/12/22	09/07/21 - 09/27/22	02/12/21 - 12/28/22	05/02/23 - 08/03/23
Recovery	305 Days	365 Days	Ongoing	97 Days
Sharpe Ratio	0.61	0.34	-0.14	2.13
Sortino Ratio	0.88	0.49	-0.20	3.32
Calmar Ratio	0.57	0.28	-0.17	3.46
Standard Deviation	1.06%	0.99%	2.90%	1.31%
Downside Deviation	0.73%	0.68%	2.02%	0.84%
Turnover	-	-	-	4,755.08%
Mean Return	0.05%	0.03%	-0.01%	0.19%
Positive Periods	725 (59.18%)	702 (57.31%)	664 (54.20%)	715 (58.37%)
Negative Periods	500 (40.82%)	523 (42.69%)	561 (45.80%)	510 (41.63%)

Risk Measures Relative to Benchmark

Consolidated vs.	SPY	EFA	ARKK
Correlation	-0.10	0.03	-0.43
β:	-0.12	0.04	-0.19
α:	0.46	0.45	0.44
Tracking Error	1.76%	1.61%	3.65%
Information Ratio	391.12	450.79	223.57

This report is generated by Interactive Brokers. It uses gross returns. See net of fee returns above.

Here are reports for 2021 2022 2023 2024. And here is a report with monthly figures. Starting in 2024, Interactive Brokers has been adding an extra trading day to each week in these reports, which the above table slightly adjusts for.

July 14th, 2025

Militia Capital was forced to register with the SEC now that the fund has grown so big. This means that I now have to put my letters through a government compliance lens. I had a lawyer review this letter to see what the government wanted me to add and/or remove.

The government is mandating some information where I think it adds no value. I'll put this in a smaller font and italicize it so that you don't have to waste time reading the same thing every letter.

Unfortunately, the lawyer was confident that I should delete the personal account portion of my track record in the table at the start of my letters.

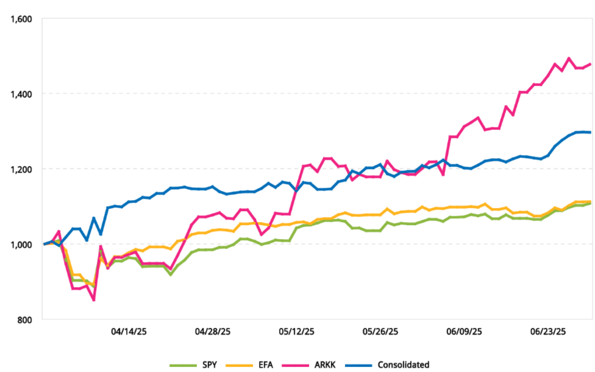
1. Results from April 1st - June 30th, 2025

S&P 500 +10.8%
Militia Capital +25.7%, net of .5%/year management fee and 25% performance fee over S&P 500 returns.

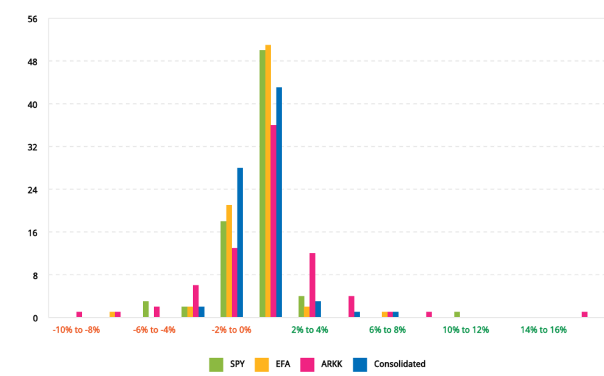
We're currently 240% long and 170% short.

Daily volatility was high on April 9th and 10th. However, this was *only* due to a country mismatch on shorts and longs. News caused the S&P 500 to spike 10% while the Japanese and European markets were closed. We have 70% gross long exposure to those markets but few shorts. Thus, on the 9th longs couldn't keep up with shorts so we "lost" 4%. And then on the 10th we "won" 7% when those companies caught up. Without this phantom volatility, our Sharpe would have been much higher.

Value Added Monthly Index (VAMI)



Distribution of Returns



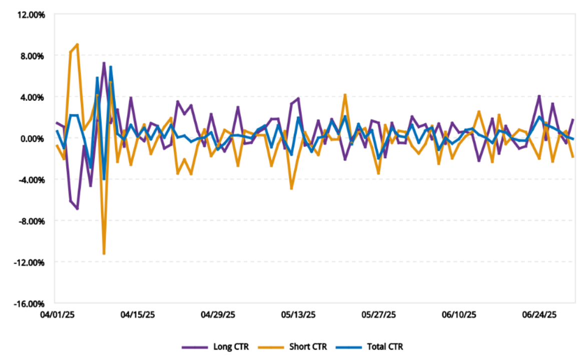
Risk Measures

	SPY	EFA	ARKK	Consolidated
Ending VAMI	1,107.78	1,112.60	1,477.30	1,296.70
Max Drawdown	12.05%	11.07%	17.58%	3.98%
Peak-To-Valley	04/02/25 - 04/08/25	04/02/25 - 04/08/25	04/02/25 - 04/08/25	04/08/25 - 04/09/25
Recovery	21 Days	12 Days	14 Days	1 Day
Sharpe Ratio	1.17	1.49	2.68	3.73
Sortino Ratio	1.87	2.29	4.91	7.36
Standard Deviation	1.80%	1.41%	3.22%	1.41%
Downside Deviation	1.13%	0.92%	1.76%	0.72%
Mean Return	0.15%	0.15%	0.55%	0.34%
Positive Periods	55 (70.51%)	54 (69.23%)	55 (70.51%)	49 (62.82%)
Negative Periods	23 (29.49%)	24 (30.77%)	23 (29.49%)	29 (37.18%)

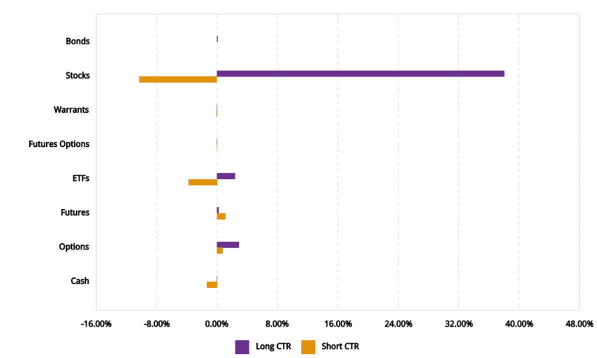
Risk Measures Relative to Benchmark

Consolidated vs.	SPY	EFA	ARKK
Correlation	-0.63	-0.37	-0.61
β:	-0.49	-0.38	-0.27
α:	1.02	0.98	1.22

L & S Performance Comparison



L & S Performance by Financial Instrument Comparison



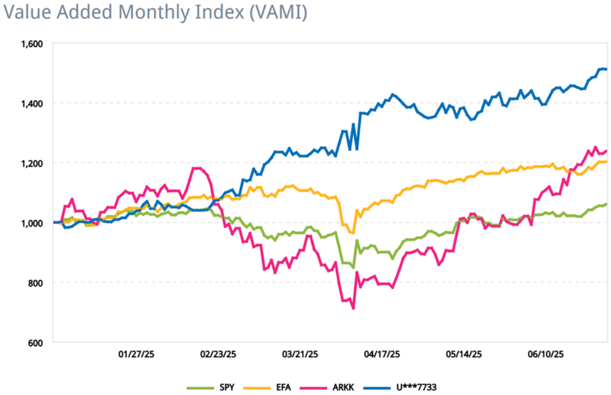
This report is generated by Interactive Brokers. It uses gross returns. See net of fee returns above.
Militia uses the S&P 500 as a benchmark because it shows the fund's correlation and volatility relative to risk assets, not because you should gauge our performance to the S&P 500 quarter to quarter - we are not positively correlated, after all.

2. Multi-Strategy Update

Our second portfolio manager is ready to reveal his identity. His name is Michael Roussel. He has a degree in economics. After college he did equity research at Oppenheimer for one year and then moved to Anson Funds, a hedge fund that he worked with for 5 years.

Here is a comparison of all 3 portfolio managers combined versus my partition alone[1]:

Value Added Monthly Index (VAMI)

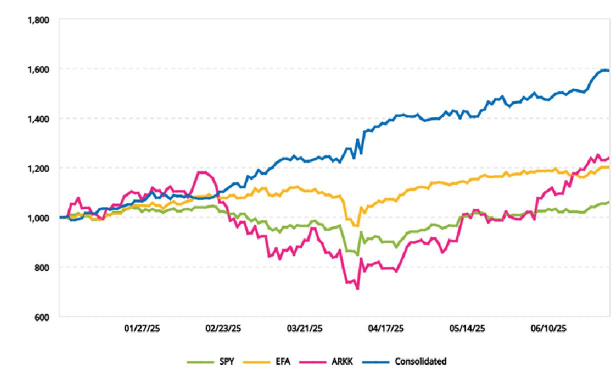


Risk Measures **Only my partition**

	SPY	EFA	ARKK	U***7733
Ending VAMI	1,060.51	1,202.65	1,238.15	1,512.06
Max Drawdown	18.76%	14.05%	39.56%	6.13%
Peak-To-Valley	02/19/25 - 04/08/25	03/19/25 - 04/08/25	02/16/25 - 04/08/25	04/08/25 - 04/09/25
Recovery	68 Days	21 Days	63 Days	1 Day
Sharpe Ratio	0.36	1.54	0.90	2.64
Sortino Ratio	0.54	2.36	1.38	4.71
Standard Deviation	1.43%	1.15%	2.96%	1.61%
Downside Deviation	0.94%	0.75%	1.92%	0.90%
Mean Return	0.05%	0.13%	0.18%	0.28%
Positive Periods	105 (67.74%)	104 (67.10%)	102 (65.81%)	94 (60.65%)
Negative Periods	50 (32.26%)	51 (32.90%)	53 (34.19%)	61 (39.35%)

U***7733 vs.	SPY	EFA	ARKK
Correlation	-0.66	-0.36	-0.64
β:	-0.74	-0.51	-0.35
α:	0.75	0.83	0.83

Value Added Monthly Index (VAMI)



Risk Measures **All portfolio managers combined**

	SPY	EFA	ARKK	Consolidated
Ending VAMI	1,060.51	1,202.65	1,238.15	1,591.89
Max Drawdown	18.76%	14.05%	39.56%	3.98%
Peak-To-Valley	02/19/25 - 04/08/25	03/19/25 - 04/08/25	02/16/25 - 04/08/25	04/08/25 - 04/09/25
Recovery	68 Days	21 Days	63 Days	1 Day
Sharpe Ratio	0.36	1.54	0.90	3.98
Sortino Ratio	0.54	2.36	1.38	7.80
Standard Deviation	1.43%	1.15%	2.96%	1.18%
Downside Deviation	0.94%	0.75%	1.92%	0.60%
Mean Return	0.05%	0.13%	0.18%	0.31%
Positive Periods	105 (67.74%)	104 (67.10%)	102 (65.81%)	101 (65.16%)
Negative Periods	50 (32.26%)	51 (32.90%)	53 (34.19%)	54 (34.84%)

Consolidated vs.	SPY	EFA	ARKK
Correlation	-0.56	-0.28	-0.53
β:	-0.46	-0.29	-0.21
α:	0.79	0.84	0.85

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[1] Here is [2024's comparison]

This report is generated by Interactive Brokers. It uses gross returns. See net of fee returns mentioned earlier in this letter.

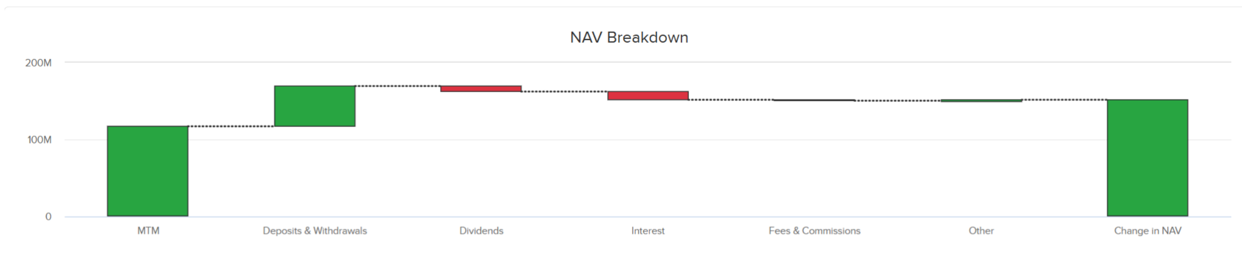
In 2024 our other portfolio managers had less than 15% of Militia's total assets, limiting their impact on fund level risk statistics. Today they are managing 40% which will have a big impact. By year end, if this continues working so well, my own partition will be under 50% of Militia's assets.

3. Five Year Reflection

Five years ago I wrote Militia's outline, which laid out my plan and goals. Some highlights:

Scale:

One of my objectives was to grow mostly with profits rather than fundraising. I wanted the fund to stay small in order to keep its edge high. Since launching the fund has raised $55 million and generated $100 million in profit:



Change in NAV 2021-02-01 to 2025-06-29

Change in NAV	Total
Beginning NAV	2,796,982.00
MTM	116,485,006.85
Deposits & Withdrawals	51,978,840.52
Dividends	-6,936,718.62
Interest	-10,730,392.11
Fees & Commissions	-1,081,018.27
Other	1,817,282.56
Ending NAV	154,329,982.93
Change in NAV	151,533,000.93

The stated $55 million raised here is misleadingly high. I've been raising money[2] for portfolio managers as they've continued showing a large edge, just like I did for myself. This year I raised $20 million for them. On top of that, I have been transferring some of my own profits to them. My $89 million partition is running off of just $14 million in contributions, matching what I had set out to do. I'm proud of this.

Today it would not be hard to raise hundreds of millions of dollars given Militia's track record over the last 4.5 years. But I'm not going to. I still care about providing real value and I still believe that large hedge fund fees do not mix with large scale.

[2] Largely from existing Militia LPs.

Backing Portfolio Managers:

Backing PMs was part of my plan even before launching Militia. I only had a rough idea of how this would work. I thought I would simply offer the ability to invest with other PMs independently of me. Since then, I learned about the benefits that come from combining multiple PMs into the same entity, which is why I'm doing it this way instead. Some examples:

- The partnership will save over 1%/year of NAV in middleman fees and overhead costs.[3]

- We'll get access to more deals like hot IPOs, and get larger allocations in those deals.

- New high edge business lines, for example distressed lending to the companies we follow on the short side.

Done this way, we will reap the benefit of having PMs exploiting a small scale advantage, while getting the same benefits as large funds.

Both of our PMs want me to maintain control of the hedge fund. They joke that I am the "benevolent dictator for life". The deal will allow PMs to get carried interest, but still allows me to end the deal with individual PMs without corrupting the partnership with permanent deadweight equity. If someone performs badly for too long or takes on too much risk - *or for any reason* - I can easily remove a portfolio manager with no long term cost.

Tax:

The below is not tax advice but rather is a discussion of expected versus actual tax treatment realized at the partnership level. This is for information purposes only.

Five years ago I wrote that Militia would have bad tax treatment. This was for two reasons. I expected:

1. We would have a lot of short term capital gains because profits from short selling are treated as short term even if they are held longer than a year.

2. We would have a lot of net realized gains every year from high portfolio turnover.

I've learned enough about tax planning since then that this went *completely* different than I expected. In fact, since launching we've had a net *shield* against short term capital gains including interest deductions. The tax that we did pay was on long term capital gains. And most of the taxes have been deferred. All combined, many LPs have reported that after inputting a Militia K-1 their taxes owed stayed flat even while their tax basis creeped up. Of course, this varies a lot by partner.

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[3] Brokers eventually stop charging funds for the gap on long and short financing, saving over 1% alone. With only one set of middle office and compliance we save ~.2%. There is only one set of administrators and accounting work, saving ~.1%.

Today the fund is sitting on a $67 million unrealized gain, which means Militia has deferred 2/3rds of the profit since launching. In 2025 we will continue deferring most taxes.

I still expect that eventually we will have to realize many gains, though now I'm hopeful that a plan involving ETFs and ETF conversions - which have fantastic tax advantages - might allow me to defer much of your tax into oblivion. Importantly, there would be nothing controversial about this from a tax perspective. I would simply utilize explicit carve outs created by the government to accomplish this.

As a side note, writing about tax is a compliance nightmare. But for tax I refuse to alter what I was going to write - I'm not making any promises, after all.

4. Changing Militia's Performance Fee Hurdle

Starting in 2026 we're switching to the short term interest rate for the performance fee hurdle rather than the S&P 500[4]**.** I'm doing this for a few reasons, listed in order of importance:

1. Today Militia's volatility is near or lower than the S&P 500, whereas 5 years ago I was running with double its volatility, before the hedge fund launched. That higher volatility created a favorable range of outcomes for me. Had things gone horribly, it would have been you the limited partner that would have eaten the loss. And if things went great - not hard for such a volatile fund - I could get retirement rich simply by having a lucky score in a single year. Either of those outcomes is far less likely with today's lower volatility.

   Putting that another way: In a given year, your downside risk is much lower today while my upside potential is much smaller. This is an implied cut in the performance fee. I see lowering the hurdle primarily as offsetting this. Someday when Militia's volatility drops significantly again, I will remove any hurdle for the same reason.

2. When I wrote the fund outline 5 years ago, I thought we would be taking on market risk. This is just how I'd been running my portfolio at the time, after all. However, Militia ran near zero market correlation since launching so a risk free rate hurdle probably would have made sense this whole time anyway. Many LPs have told me I was undercharging based on this point alone. I kind of agreed, I just didn't really care all that much. But today I don't want to undercharge even more given the first point, and I especially don't want to force Militia's PMs to undercharge so much.

3. Today the S&P 500's valuation is questionable and I consider an S&P 500 hurdle a casino rather than a reasonable benchmark. The S&P 500's bullish outcome from here relies on a single binary

[4] I am not going to negotiate on this. I understand if any LP quits because of my decision. If so, and if you want to defer tax for one more year, you can keep your money in the fund in January 2026 and withdraw February instead to accomplish that - I'll waive the fee for January because forcing you to pay a performance fee on a single month's result for tax reasons wouldn't be fair.

> AI question - how it'll impact corporate profits generally - rather than fundamentals of a diversified basket of companies. And there are plenty of bear outcomes.
>
> I won't be shocked if Militia's new overnight rate hurdle winds up beating the S&P 500 hurdle over the next 10 years, but I don't care either way. Really, I just no longer want so much personal earnings volatility in my life, especially from something that's impossible to predict.

I will send out a couple reminders of this change before year end, along with the updated partnership docs once they're completed. There will be no need to reply to or sign anything.

-

As always, thank you for your trust in me,

David Orr

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The information contained herein reflects the opinions and projections of David Orr, founder and portfolio manager at Militia Capital as of the date of the letter. Mr. Orr's opinions and projections are subject to change without notice.

All information provided in this letter is for informational purposes only and should not be interpreted as investment advice or a recommendation to purchase or sell any specific security. While Mr. Orr believes that the information presented herein is reliable, no representation or warranty is made concerning the accuracy of the data presented. Indeed, this letter is NOT an offer to sell or the solicitation of an offer to buy any interests in any Fund managed by Militia Capital or David Orr. Any such offer to sell or solicitation of an offer to buy will be made only pursuant to definitive subscription documents between the Fund and the Investor.

Performance returns – gross and net – are computed by Mr. Orr. Net returns are net of performance fees and management expenses, if any. Upon request, Mr. Orr can provide additional information regarding how gross and net returns are computed.

The figures provided in this letter are unaudited.

Past performance is not indicative of future results.

Each investor / Limited Partner will receive individual statements from the funds' administrator showing actual returns.

Reference to the S&P 500 does not imply that Militia Capital will achieve returns, volatility, or other results similar to that index. Indeed, while the S&P 500 is a long-only index primary of large capitalization companies, Militia Capital takes long and short positions in many securities. As such, Militia Capital's portfolio may often differ materially from the S&P 500, hence the manager's consistent reference in this letter to a lack of correlation.

The specific investments identified and described in this letter are not a representation of all potential positions or strategies used by the Fund and, to the contrary, may represent a small percentage of activity. This information is presented to provide insight into explaining the Fund's performance, Sharpe ratio, or commenting on investment principles such as valuation.