



HLR Fund I, LP
Managed by HLR Fund Management, LLC
2025 Annual Investor Report
For The Year Ending 12/31/2025



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DISCLAIMER

IMPORTANT NOTICE: PLEASE READ CAREFULLY

This quarterly report (the "Report") has been prepared by HLR Fund I, LP (the "Fund") and is being provided to existing limited partners/investors for informational purposes only. This Report is not intended to replace or serve as a substitute for any legal, tax, or other professional advice.

This Report is presented solely for informative purposes and should not be relied upon for financial decisions; it is not intended to provide any investment or financial advice. If you have any specific questions about any financial or other matter, please consult an appropriately qualified professional.

Past performance information contained in this Report is not indicative of future performance. The value of investments and any income arising from them can fluctuate and is not guaranteed. Investors may get back less than the amount invested.

This Report does not constitute an offer to sell or the solicitation of an offer to buy any securities. Any securities offered by the Fund have not been registered under the Securities Act of 1933, as amended, or applicable state securities laws, and are offered in reliance on exemptions from such registration requirements.

Any forecasts, opinions, and financial analyses contained in this Report constitute the judgment of the Fund as of the date indicated and are subject to change without notice. This Report may contain forward-looking statements which involve risks and uncertainties; actual results may differ materially from any expectations, projections, or predictions made or implied in such forward-looking statements.

The financial information and performance data contained in this Report are UNAUDITED. The Fund conducts formal audits on an annual basis only. The performance figures, valuations, and other financial information presented in this Report are preliminary, have not been verified by the Fund's independent auditors, and may be subject to adjustment during the annual audit process. Consequently, the final audited figures may differ, potentially materially, from the unaudited information presented in this Report. Investors should not rely on the unaudited information in this Report as a definitive statement of the Fund's financial position or performance.

HLR Fund I, LP
HLR Fund Management, LLC

FROM THE FUND MANAGER

LETTER TO INVESTORS

Dear Investors,

The year 2025 concluded with strong performance across equity markets despite significant challenges throughout the year. The S&P 500 Total Return Index finished the year up 17.4%*, capping a third consecutive year of double-digit gains, while markets reached new all-time highs on 39 separate occasions throughout the year.

Beating the market is never easy, and it's even more difficult when the benchmark is up high-teens. Despite this, I am pleased to report that HLR Fund I, LP (the "Fund") delivered stronger results than the S&P 500, with the Fund's first full year of operations achieving a 20.0%* gross return (18.8%* net of expenses). This represents a 2.6% gross alpha to the S&P 500 Total Return Index, or a 1.4% net alpha to the S&P 500 Total Return Index. Also worth noting: on a volatility-normalized basis, the Fund's gross Sharpe ratio was 0.87, superior to the S&P 500's 0.76 over the same time period.

Rather than harp on about the Fund's achievements this year, I would like to take a moment to acknowledge what matters more: you entrusted capital to a new fund manager with an emerging track record. I understand that's not a casual decision, and I don't take it lightly. I appreciate your trust and the opportunity to compound your capital over the long run.

Back to the numbers & strategy: We're building HLR Fund I to be durable through different market regimes. While we are not macro forecasters and do not believe in "timing the market," we do actively assess tail risk and size our hedging program accordingly. As we enter 2026, the S&P 500 is near all-time-highs and hovering around ~22x forward earnings. At the same time, there is elevated uncertainty around policy, trade, geopolitics, AI, and more. Taking all of this and more into account, we're positioning more defensively than usual in 2026.

Practically, a more defensive posture means the Fund may be willing to trade some upside participation in a banner equity year in exchange for materially improved convexity in a large drawdown. In other words, if markets rally another +20%, for example, we may finish slightly behind; if markets experience a major correction or meltdown, we expect our hedges to respond asymmetrically and drive meaningful relative outperformance.

Thank you for your trust in our inaugural year. We remain focused on executing a repeatable process—capturing option premia when compensated, keeping exposures intentional, and maintaining a portfolio that is built to survive (and ideally capitalize on) adverse regimes, not just thrive in benign ones.

Sincerely,



Andrew Lang
Managing Partner



All figures, including but not limited to returns, Sharpe ratio, gains, losses, P&L, etc. are unaudited and may change following year-end reconciliations and audit. Securities listed herein are not recommendations; positions change frequently. Nothing in this report constitutes financial or trading advice.



RESULTS

2025 RESULTS, UNAUDITED

	2025 Gross Return*	2025 Post-Expense*	Since Inception*	2025 Sharpe Ratio*
HLR Fund I	20.0%	18.8%	18.8%	0.87
S&P 500	17.4%	17.4%	17.4%	0.76

**Average Annual Total Return. Inception Date is January 2, 2025. The performance data for the Fund represents past performance and assumes reinvestment of dividends. Past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's interests, when redeemed, may be worth more or less than their original cost. Sharpe Ratio is provided to the Fund by its prime broker, Interactive Brokers, and HLR Fund Management makes no guarantee as to its accuracy. Performance data herein is unaudited and subject to change pending delivery of final audit by the firm's independent auditor. Current performance may be lower or higher than the performance data quoted. The S&P 500 Index is an unmanaged capitalization-weighted index of the common stocks of 500 major US companies. The Index does not incur expenses. It is not possible to invest directly in the Index. Post-Expense performance is not the same as net performance; the latter includes the incentive bonus to the General Partner (HLR Fund Management, LLC). Each investor's net return will vary subject to the timing of their contribution. Investors can see their individual net returns on their monthly statements from the Fund Administrator.*



RESULTS

Q4 2025 RESULTS, UNAUDITED

	Q4 2025 Gross Return*	Q4 2025 Post-Expense*	Since Inception*	Q4 '25 Sharpe Ratio*
HLR Fund I	3.4%	3.2%	18.8%	0.94
S&P 500	2.7%	2.7%	17.4%	0.59

**Average Annual Total Return. Inception Date is January 2, 2025. The performance data for the Fund represents past performance and assumes reinvestment of dividends. Past performance does not guarantee future results. The investment return and principal value of an investment in the Fund will fluctuate so that an investor's interests, when redeemed, may be worth more or less than their original cost. Sharpe Ratio is provided to the Fund by its prime broker, Interactive Brokers, and HLR Fund Management makes no guarantee as to its accuracy. Performance data herein is unaudited and subject to change pending delivery of final audit by the firm's independent auditor. Current performance may be lower or higher than the performance data quoted. The S&P 500 Index is an unmanaged capitalization-weighted index of the common stocks of 500 major US companies. The Index does not incur expenses. It is not possible to invest directly in the Index. Post-Expense performance is not the same as net performance; the latter includes the incentive bonus to the General Partner (HLR Fund Management, LLC). Each investor's net return will vary subject to the timing of their contribution. Investors can see their individual net returns on their monthly statements from the Fund Administrator.*



RESULTS

2025 RESULTS DISCUSSION

RETURNS ANALYSIS

As of December 31, 2025

(pre-expense)

The two primary components of returns for the Fund were 1) gains from the underlying stock portfolio, and 2) options/volatility gains. Together, these add up to the total gross return of the Fund in 2025 (depicted above).

In 2025, stock gains of approximately 17.5% were roughly in line with the Index's gain of approximately 17.4%. The Fund's results in this category were driven primarily by correlation of its underlying basket of long equity holdings to those of the S&P 500. Excess gains in the equity category came from modest overweight exposure to certain mega-cap stocks (e.g., NVDA & GOOG), partially offset by modest underweight exposure to certain mega-cap stocks (e.g., PLTR, TSLA) and losses in certain fintech positions (e.g., FISV, PYPL).

Over the same period, the Fund generated options gains of approximately 2.5%. More than half of the options premium gains were realized in the "Magnificent 7" as implied volatility was lower than actual volatility during most of the year. Other contributing factors include, but were not limited to:

- Significant premium gains from TSLA options attributable to its high implied volatility throughout 2025
- Profitable yield sales on certain active positions (TGT, PGR, PYPL, CVNA, APP, and others)
- Net losses in hedge positions, as the market continued its upward trend throughout the year

1 *Hedges were a net drag, but were offset by strong premium harvesting.*

2 *Active underweights and overweights largely netted out to neutral impact on equity holdings*

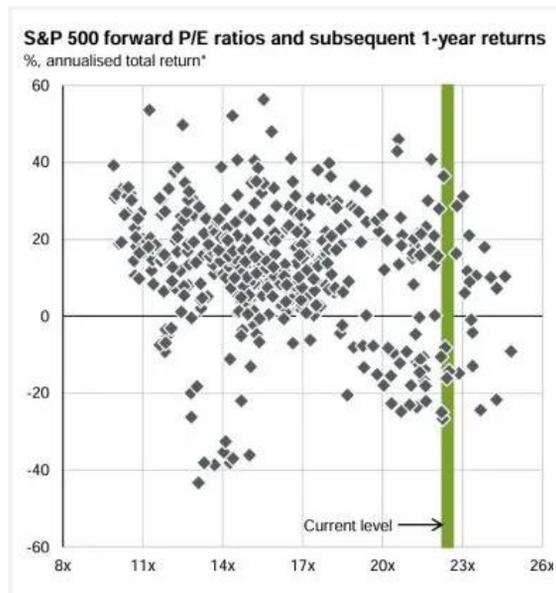
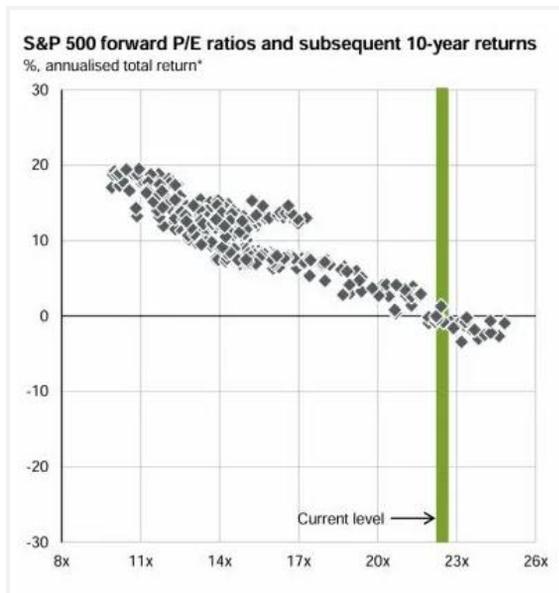
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CURRENT OUTLOOK

2026 CONTEXT

The below charts were published by J.P. Morgan. The chart on the left shows the S&P 500's forward P/E versus subsequent 10-year annualized total returns (one square for each month, between 1988 and 2014).



Today's forward multiple is approximately 22x. Historically speaking, that is an elevated multiple, and there is an obvious historical correlation between valuation and long-term returns in the 10-year returns view. However, the chart on the right shows returns in the subsequent 1-year period. Here we can see that the correlation between valuations and short-term returns is quite weak.

Our takeaway at HLR: While we can recognize elevated valuations and approach with caution, we can't determine how the market will behave next year, or the year after that. In the late 90's, valuations moved above the current level, and concerns about a 'bubble' were common. However, in 1998, the market continued its upward momentum, gaining another 27%, and then another 20% in 1999.

So, we do not attempt to time equity exposure based on prices and valuations alone. But, we are mindful of the elevated 'price to play' in this market and we use valuation as a key input to risk budgeting and hedge sizing. You'll see on the following pages some of the potential outcomes and scenarios of this outlook.

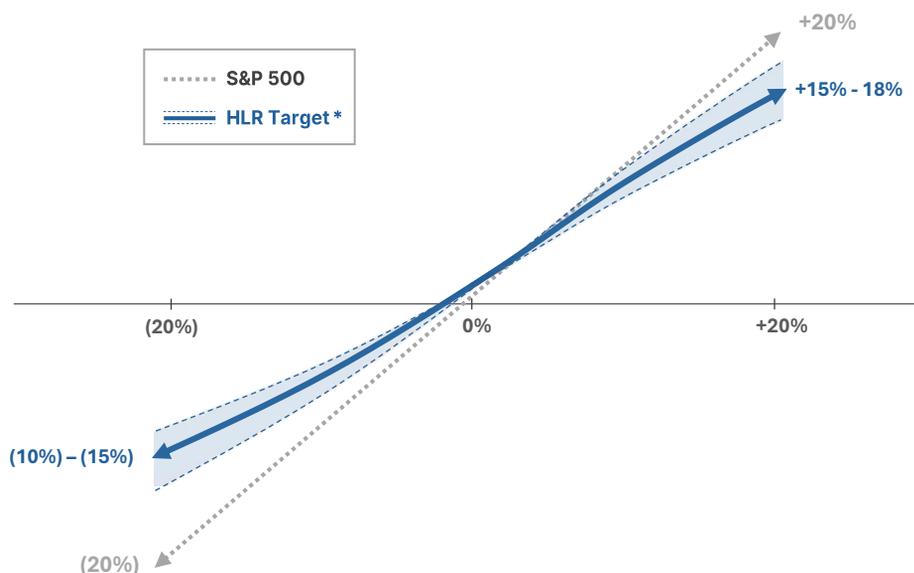
"In the short run, the market is a voting machine but in the long run, it is a weighing machine."

- Benjamin Graham



CURRENT OUTLOOK

2026 TARGET* RETURN PROFILE



The figure above illustrates the Fund's target* return profile for 2026 across a range of S&P 500 Index return outcomes. This is a hypothetical depiction, and is not a forecast or guarantee.

In a flat to modestly positive market, the strategy is designed* to generate a small positive return through systematic option / volatility premium harvesting, partially offset by the carry cost of the Fund's hedge positions in flat or positive market conditions.

In a strong up market (e.g., +20%), we expect* to participate meaningfully in the Index's upside, though not fully, as a portion of upside is deliberately exchanged for downside protection. Material positive expected returns would be driven by equity exposure and premium harvest, partially offset by hedging costs.

In a strong down market (e.g., -20%), the objective* is to reduce drawdown severity through hedges that are intended to provide positive convexity during market stress. In this scenario, hedges may partially offset losses from equity and volatility exposure, and can create flexibility to redeploy capital opportunistically at reduced valuations.

In summary, the Fund is trading a modest amount of upside capture for what is intended* to be materially improved drawdown behavior. This posture reflects our view that current valuations justify a higher emphasis on risk management and hedge sizing, with the objective of delivering better-than-Index returns over time.

**Targets, objectives, designs, intentions, and expectations should not be construed as forecasts or guarantees. Results may vary.*



CURRENT OUTLOOK

Q1 2026 MARKET SNAPSHOT

Current (Q1) Market Environment

The market entered Q1 near all-time high, with valuations still elevated relative to historic price multiples. Market leadership is concentrated in a narrow set of large-cap, related-sector names, reflecting continued dispersion between mega-cap leaders and the broader market.

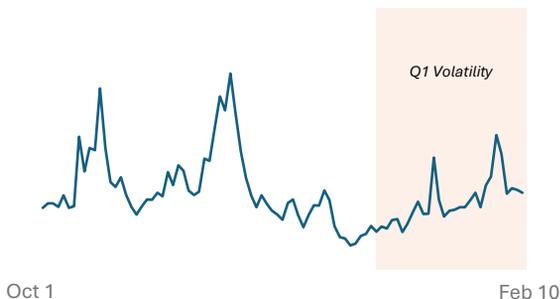
Volatility has been generally subdued with episodic spikes. The S&P 500 Volatility Index (VIX) has hovered around 15 – 20 for most of January, with occasional spikes to 20+ as AI and software company valuations are questioned and tested.

While up 0.4% in January, the Fund is behind the Index's 1.4% gain in early Q1 as the hedge positions create a modest headwind in resilient markets.

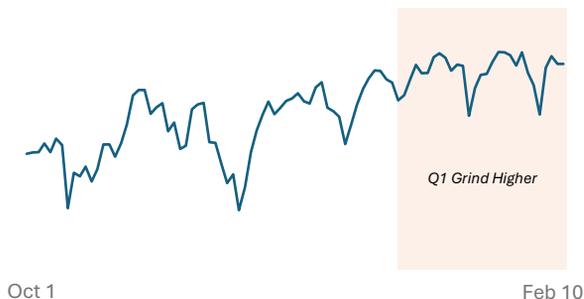
Consistent with our framework, we scaled up market hedges as the market set successive highs and valuations moved into historically elevated ranges. Our current hedge budget is approximately ~3% annualized, implemented through laddered downside put spreads. This provides convexity not only from price movement, but also from volatility expansion during stress.

If the market continues higher and volatility compresses, we expect to participate meaningfully, though not fully, as hedge carry can reduce upside capture. Conversely, in a drawdown scenario (particularly a high-stress 10% to 20% correction), hedges are intended to partially protect losses from equity and volatility exposures and may create flexibility to redeploy capital at more attractive valuations.

CBOE Volatility Index (VIX)



S&P 500 Total Return Index (SPXTR)



Key Metrics as of 1/31/2026

Jan 2026 – Fund Gain/Loss	+0.4%	Approximate VIX Level	15 - 20
Jan 2026 – Fund Alpha vs Market	-1.0%	Current Weekly Yield Target	0.04% - 0.06%

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OPERATIONAL UPDATES

2025 HIGHLIGHTS / RECAP

2025 Team Updates

Strategic Advisory Board: Restated from our prior report, Bryan Elliott has joined our Strategic Advisory Board in 2025 as the Fund builds out its advisory committee.



Achievement: We're pleased to share that the Fund's senior analyst, Louis Dormegnien, has officially received his CFA Charter.

Louis wears many hats at HLR, driving informed analysis and performance across all facets of fund strategy. He has been with the Fund since inception. Congratulations Louis!



2025 Tax Planning

Of the fund's 20% gross return / 18.8% net return in 2025, approximately one third of gains were booked as realized gains. This results in an approximately 6% realized taxable gain in 2025, inclusive of dividends, though this will differ from partner to partner depending on contribution timing. Partnership K-1's will be distributed to investors in mid-March.

The Fund Manager continues to employ certain tax reduction strategies, including tax loss harvesting, targeted tax lot trades, deferral of realization events, and more.

Certain investors with tax exempt funds will still receive K-1's and may or may not be exempt from certain reporting requirements. Individual tax outcomes may vary; investors should consult their tax advisor(s). Nothing in this document should be interpreted as constituting financial advice or tax advice

Administrative Updates

Benchmark Update: S&P 500 Total Return: As a reminder the fund *increased* its performance benchmark in 2025 from the simple S&P 500 Index (which does not count dividends) to the S&P 500 Total Return Index (which includes dividends and the impact of reinvested dividends). This change is investor-friendly and increases the performance requirements to Fund management before any incentive calculation is made. The S&P 500 Total Return Index has recently outperformed the S&P 500 Index by around 1.0% - 2.0% per annum.

Fund Audit: Restated from prior reports, the Fund has retained Michael Coglianese, CPA (www.cogcpa.com) as its auditor and tax specialist. The Fund expects the 2025 year-end audit to be available to investors in Q2 2026. Audit results will be included in the Q2 Investor Report. Investors with questions about the audit should reach out.

Fund Expense Ratio

We intend to amend the Fund's Limited Partnership Agreement to clarify the Fund's expense policy by expressly permitting the Fund to reimburse the General Partner (HLR Fund Management, LLC) for reasonable, Fund-related operating expenses, including compensation for Fund-related services performed by the General Partner's principals and personnel, provided such amounts are treated as ordinary operating expenses and remain subject to the existing 1% annual expense cap (with the same exclusions for brokerage/transaction costs and other items already carved out under the LPA).

This change does not increase the 1% expense cap; it clarifies eligible categories as the Fund scales. In 2025 the Fund reached the 1% cap, so this change would have had no impact on net returns; in years when third-party and other operating costs are below the cap, the amendment would allow reimbursement of eligible GP operating costs up to (but not exceeding) the 1% cap, reducing the extent to which the General Partner subsidizes Fund operations.



HLR FUND I, LP

INFORMATION & CONTACT

Fund Information

Fund Details

Fund Name: HLR Fund I, LP

Fund Manager: HLR Fund Management, LLC

Strategy: S&P 500 Index Tracking + Enhanced Yield & Hedging

Minimum Investment: \$100,000

Management Fee: 0%

Performance Fee: 25% of Excess Returns over S&P 500

Fund Expense Ratio: Up to 1%

Interested? Questions? Contact Us:

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Fund Manager Website:

www.HLRGroup.org

3rd Party Fund Administrator: NAV Fund Services

<https://www.navfundservices.com/>

Existing Investor Login:

<https://portal.navfundservices.com/navportalcore/login>



