Dear Investor,

We hope this message finds you well. We write to you with our quarterly note on the Investment Outcomes we have delivered to our clients, how we are thinking through geopolitical events and working to build resilient portfolios for the long term.

Investment Outcomes Delivered:

Our **Equity** Strategy '**Fortuna One**' is among the **Top 10** Equity PMS Strategies in India, on the basis of 2 Year Returns[1].

- For the **2 year** period 01 Oct 2023 to 30 Sep 2025: **Fortuna One** Equity PMS Strategy delivered **annualized** returns of **+31.4%** vs the **Benchmark annualized** returns of **+15.5%**.

- For the **1 year** period 01 Oct 2024 to 30 Sep 2025: **Fortuna One** Equity PMS Strategy delivered annualized returns of **+16.8%** vs the **Benchmark** returns of **negative 5.5%**.

We must add a note of caution here. We may not be able to sustain similar investment outcomes in the future, and hence these numbers must be read in the right context.

FORTUNA ONE Returns [Post Fee] As on 30 Sep 2025	**3 Month Absolute Return %**	**6 Month Absolute Return %**	**1 Year Annualized Return %**	**2 Year Annualized Return %**	**Since Inception Annualized Return %**
FORTUNA ONE* EQUITY STRATEGY	+9.0%	+29.4%	**+16.8%**	**+31.4%**	+35.7%
Benchmark [S&P BSE 500]	-3.2%	+7.2%	**Negative [5.5%]**	**+15.5%**	+16.1%
"**Outperformance**" [Fortuna One Returns over Benchmark]	**+12.2%**	**+22.2%**	**+22.3%**	**+15.9%**	+17.6%

* 'Fortuna One' Returns are TWRR basis, as mandated by SEBI. Post all fee and expenses, pre-taxes. Returns not verified independently by SEBI. Fortuna One Inception Date 04 Jul 2023.

The Economic Base for Investments:

A quarter ago there was wide concern over the tariffs on India, and how that will slow down the Indian economy. While this issue is not resolved, there is renewed hope that the US and India will be able to negotiate and reach acceptable common ground.

At this time, we see several positives working in favour of the Indian investor.

One, capital expenditure by Private firms has rebounded in India (primarily in manufacturing and infrastructure sectors). It is possible the centre and state governments get back to expansion mode in H2FY26. This change is fundamental and builds the base for sustained economic growth.

Two, the government is pushing consumption growth through GST cuts. With inflation under control, the RBI has decidedly turned pro-growth (we have seen interest rate cuts and may see some more). Balance sheets of Banks remain strong, with an ability to fund private investments.

Three, Domestic retail equity flows have remained strong. Foreign flows have been negative, and foreign ownership of Indian equities is now at a decadel low. If the foreign buyer returns, it could have a positive impact on the Indian markets.

Four, Indian equity markets have remained subdued – with investors making little or no returns in the last year. This is likely due to rate of growth in Indian economy slowing over the last year. Slower earnings growth and elevated starting valuations have led to weak investment outcome for the market.

[1] Source: Returns Post Fee and Expenses by Registered SEBI PMS Strategies filed at www.APMIindia.org

We must see this in context of what's going on outside - in the US markets, and in precious metals.

The US markets are up over the last year, primarily driven by the AI boom (more than half the gain in S&P 500 is driven by the top 10 US stocks). This is unprecedented, and increases the risk for domestic and international capital that has flown into the US equity markets.

The US Dollar has weakened. Several trading partners of the US, and the world's other large economies are taking steps to lower dependence on the US Dollar.

With the US Dollar no longer as safe and stable as in the past, precious metals have become an investment of choice, leading to strong flows and uptick in gold and silver prices.

Overall, while Indian macros are now better positioned for economic growth, risks from global events are markedly higher.

We are aware, more than earlier, that global events can bring significant volatility to the Indian markets. It is key to worry about portfolio resilience if markets were to turn volatile.

US tariff threat has made it clear that India needs to build businesses with scale and dominance in certain industries, else we will not have any leverage as a country. We see significant capital (public and private) move into building strong businesses that can compete on a global level.

These thoughts drive our approach to identify opportunities and assess risk. We continue our work on bottom-up fundamental analysis to build investment portfolios.

Our Focus Areas and Approach to Managing Risk:

We work on identifying structural shifts and specific themes to find investment opportunities in:

1. Financial Services. Businesses with strong balance sheets - lending and capital markets (well-run credit businesses, smaller private banks building scale, small finance banks applying to become universal banks, capital market franchisees expanding service offerings and customers). Investments in this theme add resilience to portfolio in times of the market coming off its peak.

2. R&D led Defense Capability. Businesses building capability to design components and systems for Defense programs. This is becoming more and more strategic, and we expect capital to flow to better managed businesses within this subset. We are invested in valuable niche players but must remain careful since valuations have run up in many cases.

3. Research Partners for Global Innovators. Indian businesses have built capability to be long term research partners for global innovators in pharma and agrochem. Such businesses are deeply integrated within global supply chains. Recent momentum on the US Biosecure Act signals new opportunity for Indian firms, as global clients increasingly seek alternatives to China. We are invested in a select set of high capability Indian firms in this area.

4. Leadership in Manufacturing. Businesses with a DNA to build world class capability and become key players in global supply chains. We look for businesses that have an R&D mindset and primarily build organic capability from internal cash flows. We are invested in select Indian businesses across battery systems, engineering safety for railways, and specialized auto comp.

5. Special Situations. We go where we can identify favorable risk-reward. Such opportunities typically arise due to change in management or a demerger situation. We are invested in select such cases but are prepared to exit once the situation plays out.

Our approach to managing risk is based on understanding the underlying business and the discipline of not paying more than intrinsic value when building positions. We remain focused on tracking core operating and financial metrics on each of our investments.

We realize our portfolios will show volatility. We remain prepared to act when the market dips give us the opportunity to add to conviction ideas.

Our Investment Philosophy and Success Metrics:

We focus on a consistent investment process. It takes us patient work to qualify cases to the watchlist and build detail leading to an investment thesis. We never make exceptions to this.

Our definition of success is not the size of our AUM or how fast we grow. We define success in our ability to understand risk perspectives for each of our clients and engage with them meaningfully.

Our aspiration is to consistently deliver returns above the benchmark for our clients (though we recognize this may not always be possible).

We specifically measure if clients top up after being with us for over an year, and if they give positive references to other potential clients. On both these success metrics, we remain consistent and on track.

Our Approach to Portfolio Construction

Our portfolio remains concentrated in 16-18 stocks, based on fundamental analysis. Once we invest, we rigorously track key operating and financial metrics.

We are sector agnostic and usually stay in the zone of mid-caps and the larger sized small caps.

We invest in businesses we understand. It so happens that the opportunity to build alpha comes more in the Mid Cap and Small Cap space. We stay invested in a good business, as long as we can.

Our churn is usually very low. We sell only if: 1. we realize we made a mistake and must correct, 2. the earning potential of the business materially deteriorates, 3. an equally good or better investment thesis is ready.

At the current time, we are taking **6-8 weeks** to **deploy fresh capital**. We hold AAA / AA bonds in the portfolio temporarily till such time we invest in equity.

While this approach may show a higher than usual cash / cash equivalent for newer clients, it strengthens long-term portfolio resilience and helps us stay on course with our thought process.

Our Debt Strategy 'Fortuna Two'

Our Debt Strategy invests in yield instruments – primarily **AAA, AA and A listed NCDs**. It targets real growth in purchasing power by delivering an **additional 1.5% yield over fixed deposits and liquid MF** returns.

The underlying investments in NCDs are listed and traded with reasonable liquidity.

Fortuna Two generated an annualized return of +9.0% [post all fee and expenses] in the year ended Sep 30 2025. In the same period, Benchmark CRISIL Composite Bond Index returned +6.9%.

Fortuna Two has delivered **+2.1% Outperformance** over its Benchmark in year ending Sep 30 2025.

This is in line with our strategy and ahead of returns from fixed deposits and liquid mutual funds.

We continue to offer this option to our clients who need a balance of equity [with implied volatility but higher returns in the long term] and debt [with lower volatility, but inflation beating returns].

Our Commitment to Responsible Investing

At Team Fortuna, we view ourselves as custodians of your long-term wealth.

Please visit us at **www.fortunaadvisors.in** or reach us at info@fortunaadvisors.in for queries or additional information.

Warm regards, **Team Fortuna**