

Fortuna Investors

Demand more from your investment manager

Our mission: better returns with lower risk through evidence-based investing

Fortuna Investors is a quantitative asset manager providing strategies designed to substantially outperform mainstream investment techniques. We employ methods backed by academic research and rigorous testing to design systems that offer the highest possible returns per unit of risk.

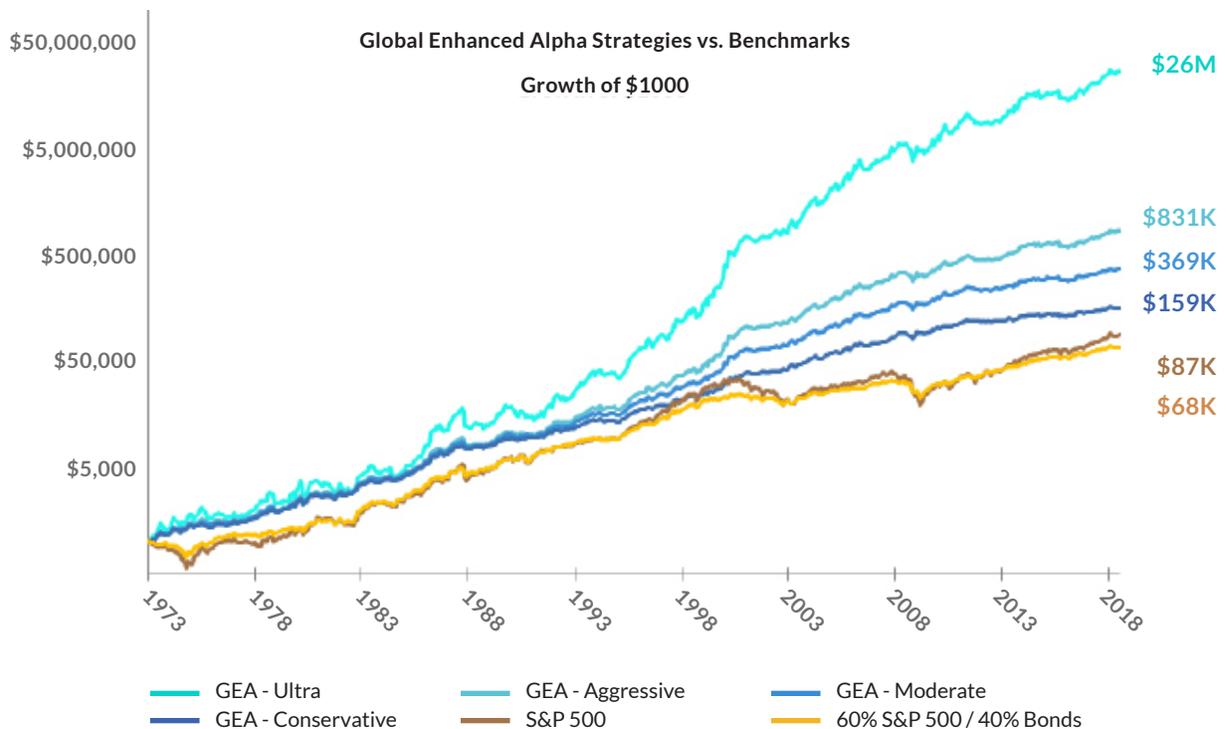
What does this mean? Simply put, our strategies have a better chance of providing higher and steadier returns with less downside than mainstream investment methods. This means more confidence in the future, and a higher likelihood of achieving your financial goals.

Introducing Fortuna Investors' Global Enhanced Alpha Program

The Global Enhanced Alpha (GEA) program is a composite multi-asset strategy, designed to capture upside and limit downside through exposure to a diversified mix of asset classes including global equity, bond, real estate, and commodity markets. The program is highly flexible, and is designed to be tailored to your personal preferences for risk and return.

The Global Enhanced Alpha Strategies

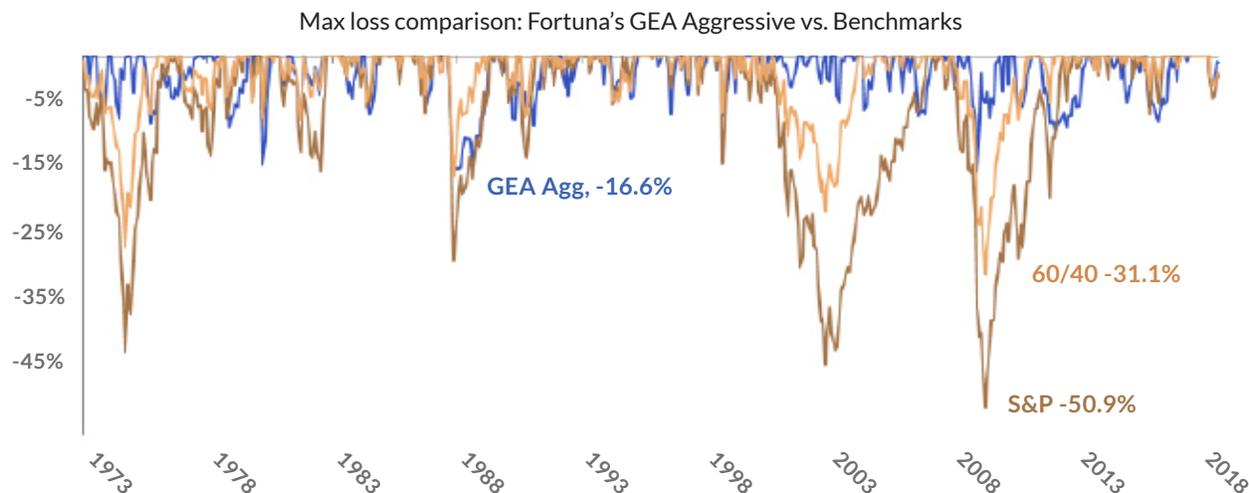
Four distinct versions designed to suit your specific risk and return preferences



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Even our most aggressive unlevered strategy has low historical drawdowns



Strategy	\$1000 becomes	Growth rate	Worst year	Maximum loss	Sortino ratio
GEA - Ultra	\$26,204,000	25.1%	-19.7%	-35.2%	1.1
GEA - Aggressive	\$831,000	15.9%	-5.9%	-16.6%	1.3
GEA - Moderate	\$369,000	13.9%	-4.0%	-14.3%	1.4
GEA - Conservative	\$159,000	11.8%	-4.2%	-12.8%	1.4
S&P 500	\$87,000	10.3%	-37.0%	50.9%	0.61
60% S&P 500 / 40% Bonds	\$68,000	9.7%	-20.3%	-31.6%	0.87
GEA - Aggressive vs 60/40	12x higher account value	1.6x higher growth rate	< 1/3 the max yearly loss	Half the maximum loss	1.5x higher risk-adjusted returns

GEA figures include 1.5% (2.5% for Ultra) per year in management fees (benchmarks are presented without fees). GEA figures do not include dividends paid on US equities, but benchmarks do include reinvested dividends. GEA figures also include underlying ETF fees and commissions charged at Interactive Brokers' standard rates. Figures are from backtests on historical data, not actual investment accounts.

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Building a better foundation for your portfolio

Our GEA strategies are built from three separate and distinct underlying *building blocks* (defensive, aggressive, and alternative), each with its own risk and return profile. The relative weights of the building blocks within the parent GEA strategies determine their overall risk and return profiles.

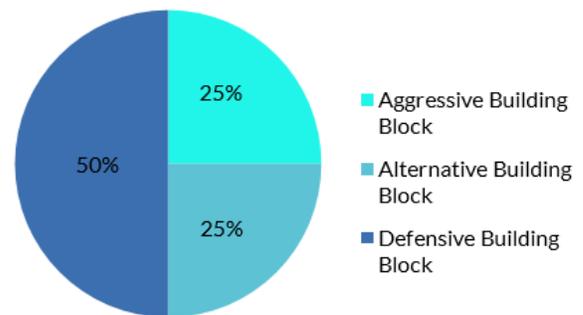
While a building block approach is nothing new, Fortuna Investors takes a more rigorous and evidence-based approach to designing our building blocks than conventional portfolio managers, resulting in a stronger foundation for growth and stability.

Fortuna's Building Blocks



Global Enhanced Alpha Strategy Example

Composition of GEA - Moderate



Our more conservative GEA strategies contain a higher allocation to the defensive block, and more aggressive GEA strategies contain a higher allocation to the aggressive block.

The global, relatively uncorrelated universe of the alternative block helps to smooth the returns of all GEA strategies.

All of the building blocks could stand on their own and outperform their respective benchmarks, but when taken together, their uncorrelated return streams complement one another and combine into a powerful and reliable investment engine.

THE FORTUNA ADVANTAGE: BETTER BUILDING BLOCKS

Building Block 1: Defensive

The Defensive building block uses a tactical allocation to a very conservative global portfolio that overweights high-quality bonds, both foreign and domestic. It may at times take a modest position in commodities for inflation protection, and may take a small position in foreign developed stocks for international diversification. This sub-strategy may seek shelter in short-dated US Treasury notes when bonds and other assets are trending lower. The net effect is a strategy with very low downside risk, yet the potential to generate adequate long-term returns.

Conventional Defensive/Income Block

Domestic bonds, money market funds, CDs

May also include traded & non-traded REITs & BDCs, high-dividend stocks, MLPs

High correlation to US stocks in a bear market

Inflation & interest rate risk (rates rise, traditional fixed income values fall)

Lack of risk control - never go to cash, will capture full downside of bear market

Fail to harness well documented factors that have historically driven outsized returns

Can contain high-fee, less-liquid products, especially "alternative fixed-income"

High risk per unit of return

Fortuna Defensive Block

High credit quality foreign and domestic bonds of varying duration

Gold, other physical commodities, foreign developed stocks

Constructed in a manner that has low correlation to US stocks

Inflation protection through hard assets, dynamic rotation to shorter-duration notes

Strict risk controls - go to cash when market conditions become unfavorable

Harness well documented factors that have historically driven outsized returns

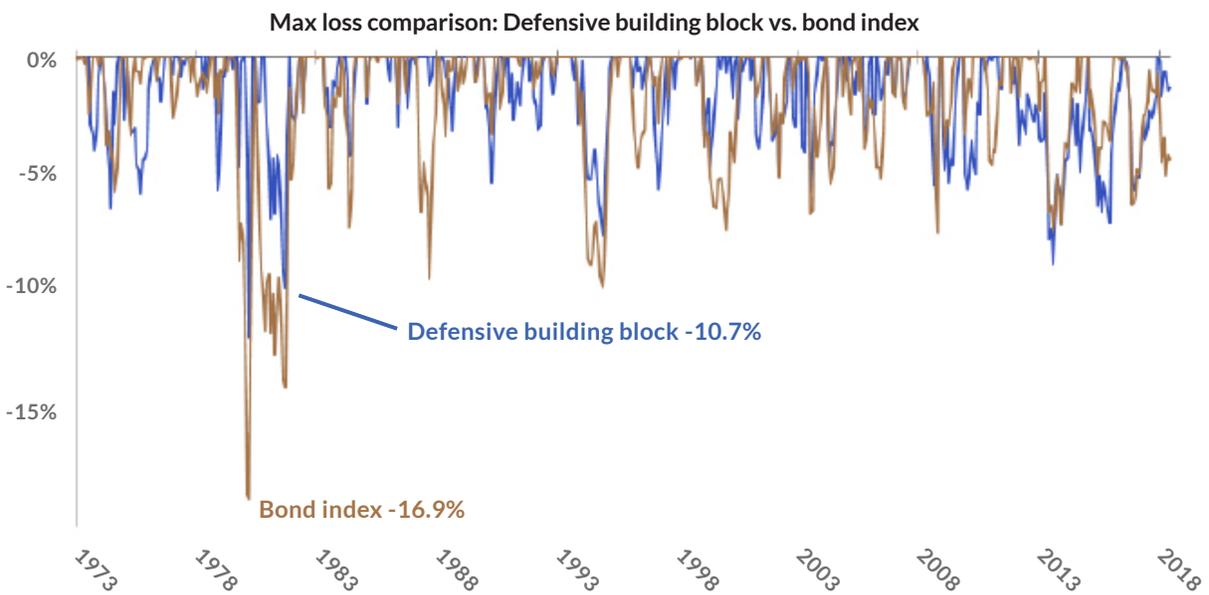
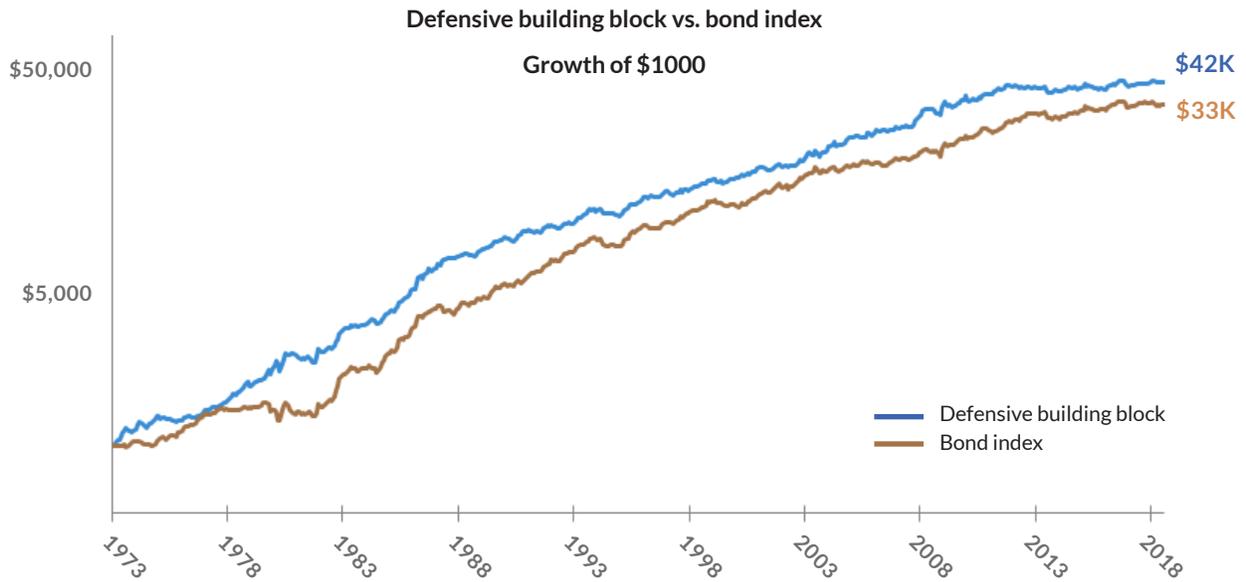
Low fees, daily liquidity (ETFs)

Low risk per unit of return



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Strategy	\$1000 becomes	Growth rate	Worst year	Maximum loss	Sortino ratio
Fortuna defensive block	\$42,291	8.6%	-3.1%	-10.7%	1.2
Conventional bond benchmark	\$33,323	8.0%	-5.6%	-16.9%	1.1

Defensive building block figures include 1.5% per year in management fees, plus ETF fees and commissions. Benchmark is presented without fees or commissions. Figures are from backtests, not actual accounts.

THE FORTUNA ADVANTAGE: BETTER BUILDING BLOCKS

Building Block 2: Aggressive

This sub-strategy selects positions from top performing stocks in the US market. The underlying strategy behind this block is based on a persistent and well documented anomaly in financial markets; stocks that have performed strongly over the recent past are likely to continue to do so in the near future. Here we seek aggressive growth when available in the US stock market, and move to shelter when conditions indicate the potential for large losses. At such times, the allocation to this block will shift into the moderately aggressive Alternative block to potentially take advantage of trends elsewhere in the world.

Conventional Aggressive Block

Stocks

Index benchmarked (S&P 500, etc)

Market-cap weighted

Over-diversified: little ability to generate alpha

Lack of risk control: never go to cash, will capture full downside of bear market

Fail to harness well documented factors that have historically driven outsized returns

Mutual funds: Potential for high fees and negative tax consequences

Fortuna Aggressive Block

Mostly stocks

Potential to hold non-stock assets when appropriate

Equal-weighted: can capture equal returns from large and small stocks

Concentrated: Maximum of 40 stock positions at a time

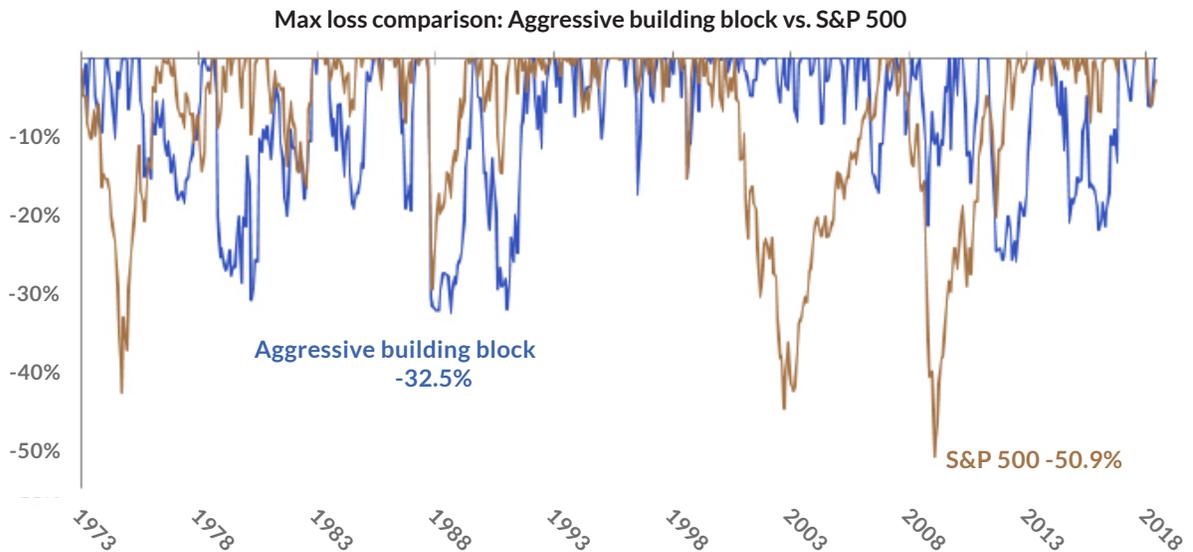
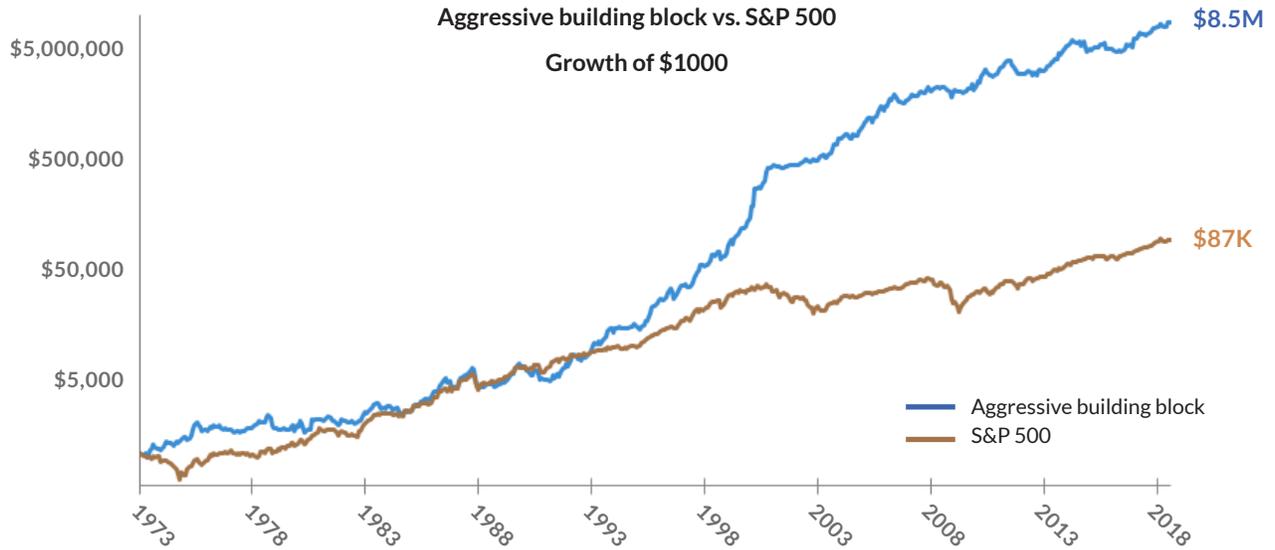
Strict risk controls: go to cash when market conditions become unfavorable

Harness well documented factors that have historically driven outsized returns

Direct ownership of individual stocks and ETFs: lower fees, tax efficiency

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Strategy	\$1000 becomes	Growth rate	Worst year	Maximum loss	Sortino ratio
Fortuna aggressive block	\$8,456,000	22.0%	-22.2%	-32.5%	1.1
S&P 500	\$87,000	10.3%	-37.0%	-50.9%	0.6

Aggressive block figures include 1.5% per year in management fees (benchmarks are presented without fees). Aggressive figures do not include dividends paid on US equities, but benchmarks do include reinvested dividends. Aggressive figures include ETF fees and commissions at Interactive Brokers' standard rates. Figures are from backtests on historical data, not actual investment accounts.

THE FORTUNA ADVANTAGE: BETTER BUILDING BLOCKS

Building Block 3: Alternative

The Alternative building block uses a tactical allocation to a highly diversified universe of global stocks, bonds, commodities, and commercial real estate. This sub-strategy is designed to seek growth wherever it may be available, and to perform well over the long-term across all market regimes, whether inflation, deflation, or stagflation. It may seek shelter in mid-dated US Treasury notes when there is a low likelihood for positive absolute returns. The net effect is a strategy with better than equity-like returns with considerably lower risk.

Conventional Alternative Block

Foreign stocks, resource stocks, real estate, oil, gold, alternative credit

Constructed in a manner that has high correlation to US stocks

Typically a low portion of overall portfolio: little ability to impact returns

High fees & potential for low liquidity and extended lock ups (hedge funds, CTAs)

Lack of risk control: never go to cash, will capture full downside of bear market

Fail to harness well documented factors that have historically driven outsized returns

High risk per unit of return

Proxy: EAFE(37.5%), EEM(37.5%), GSCI (5%), REITs (10%), Baa bonds(10%), rebalanced monthly

Fortuna Alternative Block

Foreign stocks, real estate, gold, physical commodities, fixed income, US stocks (all as ETFs)

Constructed in a manner that has low correlation to US stocks

Meaningful portion of overall portfolio: tends to smooth portfolio returns

Low fees, daily liquidity

Strict risk controls: may go to cash when market conditions become unfavorable

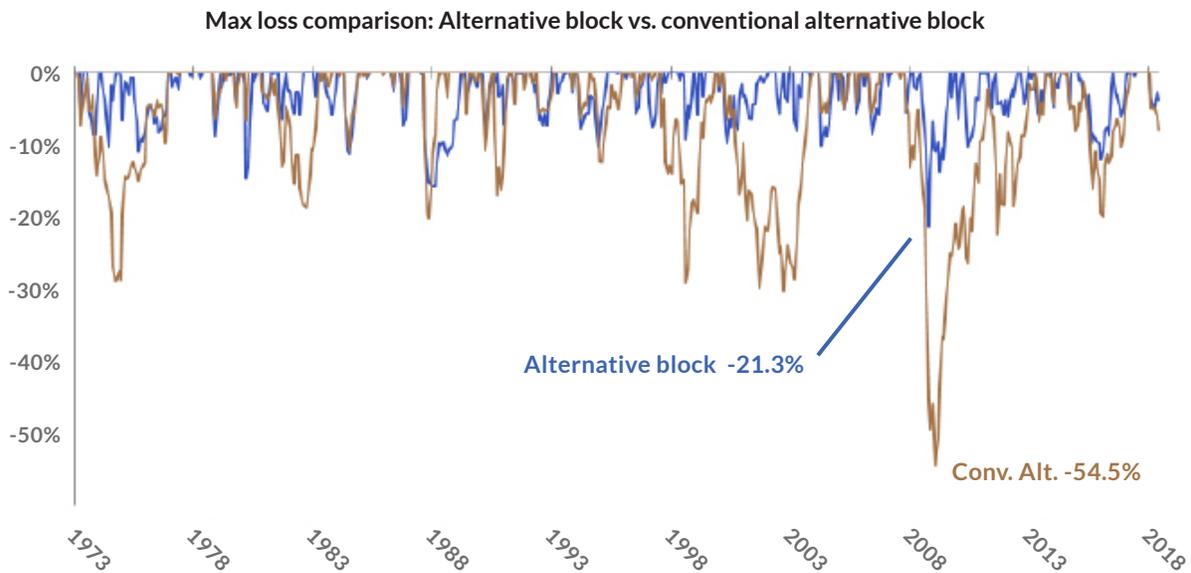
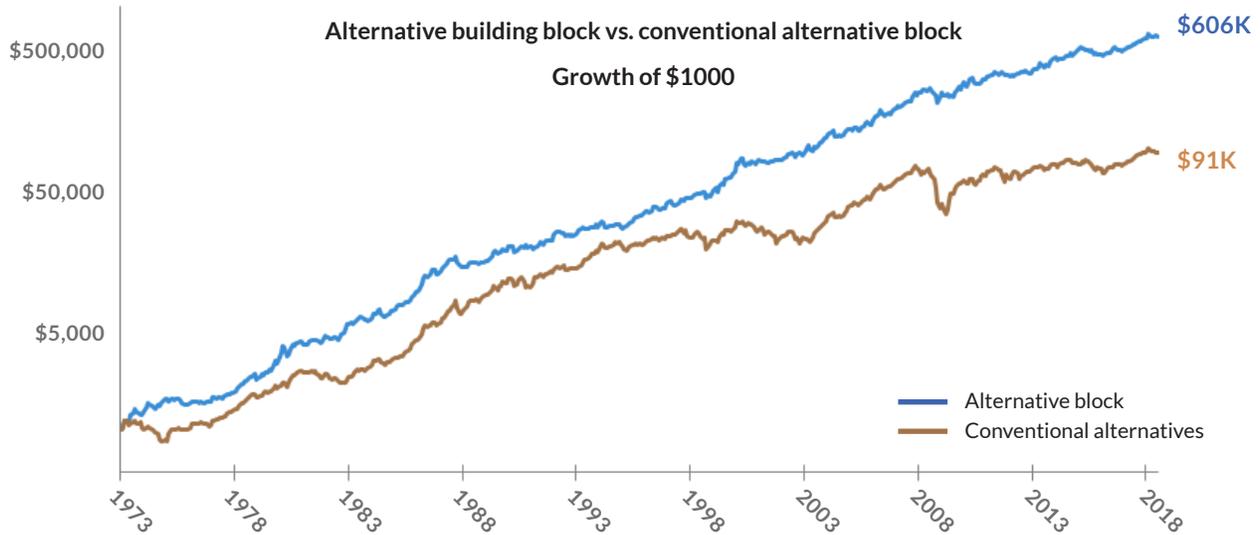
Harness well documented factors that have historically driven outsized returns

Low risk per unit of return

Style: Global Tactical Asset Allocation (GTAA)

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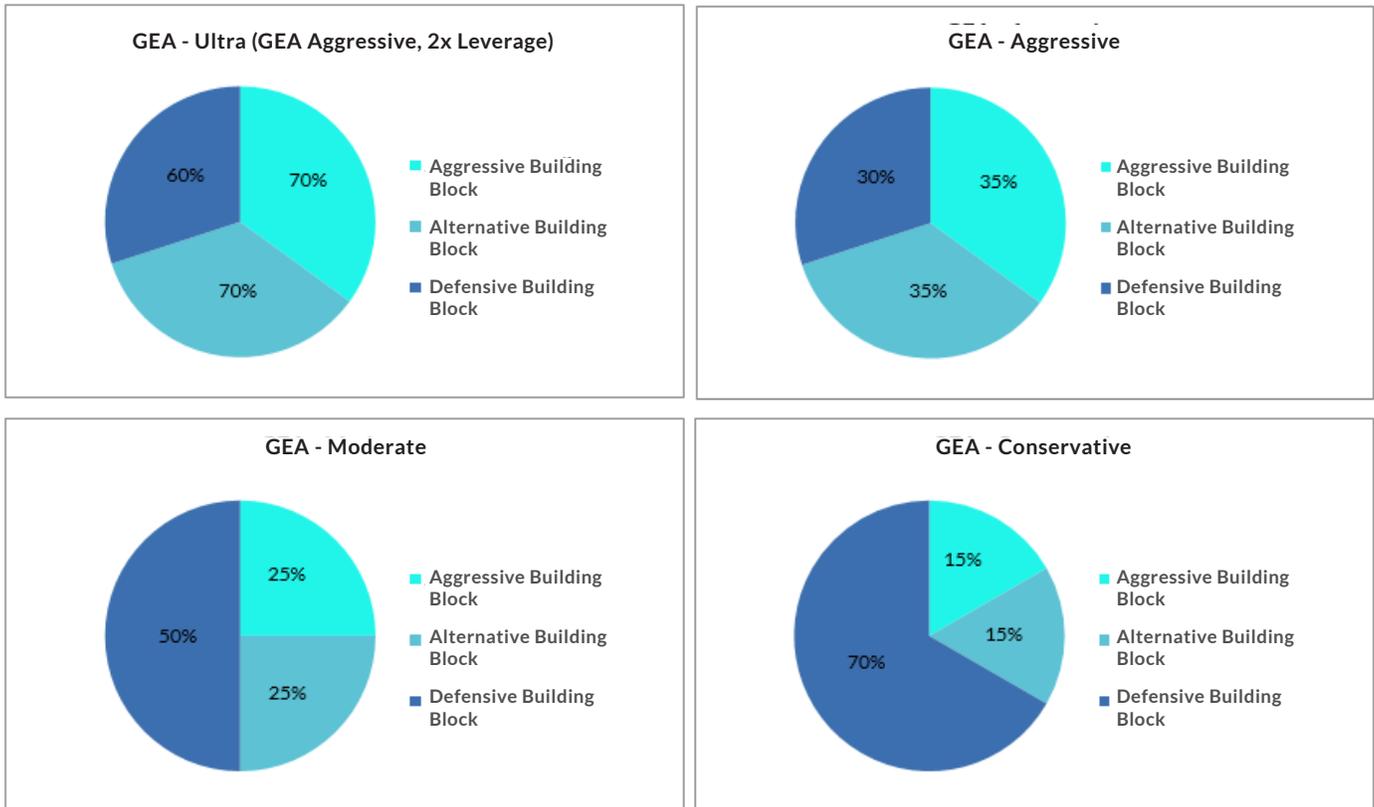
Strategy	\$1000 becomes	Growth rate	Worst year	Maximum loss	Sortino ratio
Fortuna alternative	\$606,000	15.1%	-8.1%	-21.3%	1.2
Conventional alternative block	\$91,000	10.4%	-42.7%	-54.5%	0.6

Alternative block figures include 1.5% per year in management fees (benchmarks are presented without fees). Fortuna figures do not include dividends paid on US equities, but benchmarks do include reinvested dividends. Fortuna figures include ETF fees and commissions at Interactive Brokers' standard rates. Figures are from backtests on historical data, not actual investment accounts. Conventional alternative block: EAFE(37.5%), EEM(37.5%), GSCI (5%), REITs (10%), Baa bonds(10%).

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Our building blocks combine to create the *Global Enhanced Alpha Strategies*



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FORTUNA'S GUIDING PRINCIPLES

A quantitative discipline rooted in rigorous testing and data

Every decision in our investment process is generated by a set of rules. These are not mere guidelines, but exact instructions for when to take positions, the size of those positions, and when to sell. Trading by rules alone, without any influence from our personalities and moods, eliminates noise and confusion from the investment process and ensures that each decision is the statistically optimal one.

Our process systematically harnesses the factors that drive returns, and incorporates multiple layers of downside protection. *We have taken great care to avoid over-optimizing our rules to past data, and have designed our systems to be robust to an unknown future.*

True Diversification

True diversification means different asset classes, not different securities. Diversification is only meaningful if the assets in question are not highly correlated. For instance, a stock portfolio of several different industries is of little help in a bear market, when virtually all stocks decline. We may gain a measure of safety by owning different world markets, but even then we will be subject to global downturns. It is only when we add uncorrelated asset classes that our portfolio starts to become truly robust, as when stocks fall, commodities or bonds may rally. Diversification also helps with upside, as a given market or sub-strategy may languish for years, but a global investment universe allows us to rotate into the best performing assets wherever they may be found.

Strict risk controls

Diversification is a rock-solid foundation for controlling the downside of a portfolio, but we go a step further by limiting the position size of each investment we make, and by avoiding markets that are in defined downtrends. One of the largest pitfalls in investing is a reluctance to close a losing position, a form of denial known as riding the "slope of hope." A strict sell discipline ensures that declining positions are closed before losses are extended. *When a sell discipline is applied across a diverse, uncorrelated investment universe, the downside of the portfolio as a whole is dramatically reduced.*

FORTUNA'S GUIDING PRINCIPLES

Historical Perspective

We are students of the broad sweep of market history, not just recent years. History teaches that market environments are constantly changing in unpredictable, often counterintuitive ways. *A truly robust portfolio must be able to withstand crashes as well as periods of inflation, deflation, and stagflation.* It should have weathered the 1970s and early 1980s, when stocks languished and bond yields shot to the mid-teens. It should also have spared investors the anguish of two 50% declines in the 2000s. To design a portfolio that is simply robust is easy, but to build one that may not just survive, but thrive and outperform through such chaos takes both a respect for the unknown and a drive to seek returns that others ignore.

Structural inefficiencies and misplaced incentives create opportunity

Market prices reflect the prevailing narratives and emotions of the world's investors. Their collective beliefs, hopes, and fears do not change in linear, predictable patterns, but in chaotic, dynamic feedback loops, manifesting in bubbles and crashes. When the most powerful computers still can't predict the weather with any precision beyond five days, how can we divine what lies ahead for market prices? Humility requires that we take a measured approach to the future, one refined in probability theory.

What matters is not precision, but that we can exploit consistent, statistically significant market anomalies. Such known and exploitable patterns are well-defined in the academic literature, but *misaligned incentives and widely held prejudices prevent most investors from taking advantage of these opportunities.*

FORTUNA'S GUIDING PRINCIPLES

Robusticity and respect for the unknown

We use statistics to handicap outcomes, place measured bets, and know when to fold. That said, we have a healthy respect for the *unknown unknowns* that can't be quantified in any model, so we design our systems to be robust to events that have never even happened. *Our systems are not simply built to suit what has already happened, but are universal frameworks designed to perform well into the future.*

Risk is perhaps the most tragically misunderstood concept in finance. Traditionally, perhaps out of convenience, volatility as measured by standard deviation has been a proxy for risk. However, a close examination of market history reveals the recklessness of this assumption, as illustrated by Nassim Taleb in his works such as *The Black Swan* and *Fooled by Randomness*. An investment strategy may deliver steady returns with very low volatility month after month, perhaps for years, and then blow up spectacularly in a few days. A classic tale is that of Long Term Capital Management, a hedge fund run by two Nobel laureates, the meltdown of which single-handedly created a financial crisis in the summer of 1998.

In the case of LTCM and countless others, the managers failed to ask, *what if?* What if our assumptions are wrong? What if the future is not like the past? What if there is some other factor that we have not considered? *What can break us?* It doesn't matter if it has never happened. Can you conceive of a 50% crash in global equities within a single month? It hasn't ever happened, but why couldn't it? Could your portfolio survive? What if bonds and gold were to fall at the same time as stocks? What if the US stock market enters a 30-year secular bear market like Japan?

When investing for a lifetime, survival comes first, followed by consistency.

No extra theoretical gain is worth the risk of a devastating loss or year upon year of inadequate returns. We believe that our program offers investors the very best chance to meet their goals, no matter what the future has in store.

Our interests are aligned with yours

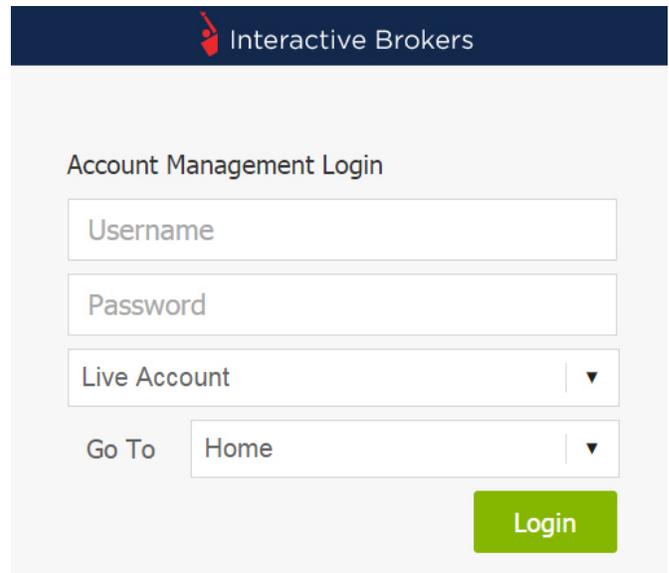
Our goals are to provide you with the best financial planning and portfolio management possible. Your future is our only concern, and your success is our only means to success. We get to know each client personally, and strive to earn their trust and long-term partnership.

We are a “fee-only” financial advisor, which means that we never take sales fees or commissions of any kind. Unlike some firms that double-dip, compromising their advice, our management fee is our only compensation. This aligns our interests with yours, since we only do well when your accounts are invested for the long-run and you stay with us.

How we work

Separately managed accounts mean no lock-ups or withdrawal fees

Private accounts are the best structure for investment management, rather than a fund where assets are pooled and gated. Our clients retain possession of accounts in their own names at the largest and most secure institutional brokerage, Interactive Brokers. This provides transparency and accessibility, as you can see in realtime how your money is invested, and can make withdrawals at any time without impediments or penalties.



The screenshot shows the Interactive Brokers login page. At the top, there is a dark blue header with the Interactive Brokers logo and the text "Interactive Brokers". Below the header, the page title is "Account Management Login". There are four input fields: "Username", "Password", "Live Account" (a dropdown menu), and "Go To" (a dropdown menu with "Home" selected). A green "Login" button is located at the bottom right of the form.

Only you have this password

Comprehensive Financial Planning

We are proud to be able to offer such robust portfolios, but this is only part of the investment process. We enjoy working with clients to structure comprehensive plans that optimize their tax savings and provide for short-term and long-term needs. Pitfalls can be identified, and tremendous benefits derived from simple changes to retirement accounts, insurance plans, and estate structures. We specialize in helping people handle major life changes, when it is most important to make the right financial decisions.

Who we are

Our investment philosophy of systematic diversification and risk-management is derived from our origins as independent traders. Success in that high-stakes field is determined not by ego or intellect, but by discipline and risk-management. We have codified the best practices of the trading world and applied them to inherently conservative asset allocation portfolios, with the goal of further reducing risk. Increased long-term returns are merely a bonus for better controlling the downside.

Michael J. Ritger grew up in New Jersey, attended Bates College (BA English '02) and the Yale School of Forestry (Master of Environmental Management '05). He began his career as an equity analyst, then transitioned to independent trading and writing as an early short-seller during the financial crisis. He concurrently built the Mining Almanac, the first free comprehensive financial and resource database on the global mining industry. He has lived in Florida since 2012, where he enjoys spending time with his family, sea kayaking, and fishing. He has passed the Uniform Investment Adviser Law Examination – Series 65 (May 2003).

Vedant “VK” Mimani grew up in New Jersey, attended Yale University (BA Economics '96), and joined Heartland Securities in New York as a trader. He started with \$50k of savings as the 2nd worst trader out of 400, and left the firm at the top of the dot-com boom, having learned the discipline of risk management. Transitioning to independent trading, he was an early buyer in the 2000s bull market in precious metals, and while living in India in 2006 was persuaded to move back to the US and start Atyant Capital, a hedge fund with both Indian and gold equity portfolios. He has lived in Florida since 2007, and enjoys travelling with his family, reading, and boxing. He has passed the Uniform Investment Adviser Law Examination – Series 65 (January 2014).

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In summary

At Fortuna Investors, we provide clients with portfolios that offer the highest likelihood of achieving their personal goals. We use centuries of data to see through the fog of “just so” stories and identify the factors that affect investment returns. Behavioral finance teaches us that human bias is the largest barrier to investment success, so we distill processes that restrain our impulses and align our decisions with best practices.

We specialize in global asset allocation because it has proven to be extremely robust across changing market environments. By owning many non-correlated investments, your portfolio becomes less risky without sacrificing long-term returns. By avoiding major setbacks and investing in rising markets wherever they may be found, our approach offers the very highest likelihood of achieving your financial goals.

Fortuna Investors - Demand More From Your Investment Manager

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Disclosures

Fortuna Investors is a registered investment adviser. Information presented herein is for educational purposes only and is not intended to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk, and unless otherwise stated, are not guaranteed.

Be sure to first consult with a qualified financial adviser, tax professional, and/or legal counsel before implementing any investment strategies discussed or purchasing any securities.

Any model performance shown for the relevant time periods is based upon hypothetical results of a Fortuna Investors model portfolio. Model portfolio performance is the result of the application of a Fortuna Investors investment process. It does not reflect any investor's actual experience with owning, trading or managing an actual investment account.

Model portfolio performance is shown net of the model advisory fee of 1.50% (2.5% for Ultra), the highest fees charged by Fortuna Investors on those strategies. Figures include ETF fees and commissions at Interactive Brokers' standard rates, as well as margin interest where appropriate. Performance may not always reflect the deduction of other fees or expenses, including but not limited to custodial fees and fees and expenses charged by mutual funds and other investment companies. Performance results shown do not include the reinvestment of dividends on individual equities. The data used to calculate the model performance was obtained from sources deemed reliable and then organized and presented by Fortuna Investors.

Backtested performance is not an indicator of future actual results. There are limitations inherent in hypothetical results, particularly that the performance results do not represent the results of actual trading using client assets, but were achieved by means of retroactive application of a backtested model that was designed with the benefit of history.

The indices used by Fortuna Investors, such as the S&P 500, have not been selected to represent an appropriate benchmark for any investor, but rather are disclosed to allow for comparison of performance to that of certain well-known and widely recognized indices. Indices are typically not available for direct investment, are unmanaged and do not incur fees or expenses.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS