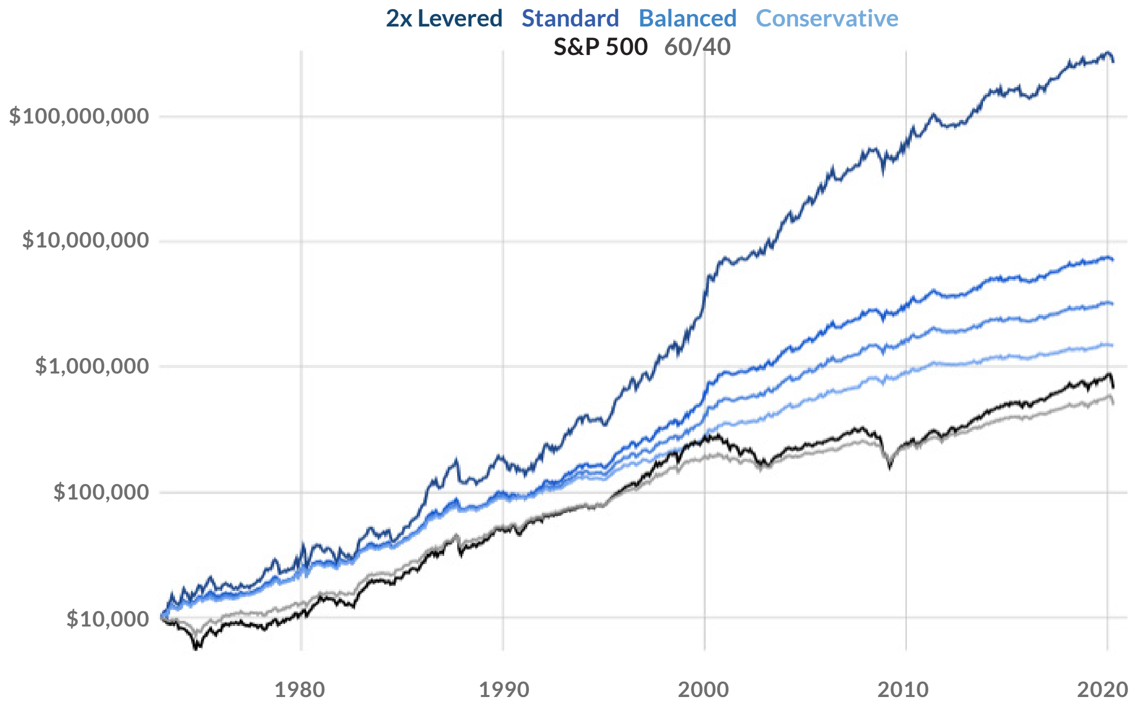
Global Enhanced Alpha Program

Multi-strategy systematic tactical asset allocation with equity momentum

Systematic tactical asset allocation is known for strong full-cycle returns with low drawdowns, but such all-weather portfolios lag equities during bull markets. GEA is a unique combination of three independent tactical sub-models, including an allocation to the very highest momentum US equities when conditions warrant. In addition, we diversify liberally among asset classes including global equity, bond, real estate, and commodity markets. The resulting portfolios correlate moderately with equities during uptrends, and offer the potential for crisis alpha during panics. The strategy is available in three risk levels with no leverage, and can be leveraged to any desired volatility level.

The Global Enhanced Alpha Strategies

Four distinct versions designed to suit your specific risk and return preferences
Strategy ruleset returns from 1973-2020 (live returns from 2018)



Strategy (to 3.12.20)	$10,000 becomes	CAGR	Maximum loss	Sortino ratio
GEA Conservative	$1,474,000	11.2%	-12.9%	1.4
GEA Balanced	$3,127,000	12.9%	-14.4%	1.3
GEA Standard	$6,997,000	14.9%	-16.9%	1.3
GEA Leveraged	$266m	24.0%	-36.5%	1.0
S&P 500	$672,000	9.3%	-50.8%	0.5
60/40 Portfolio*	$497,304	8.6%	-32.3%	0.77

Index figures prior to August 2018 are calculated from historical data. Starting August 2018, figures are from actual accounts that follow the index rules. All Fortuna figures are net of the following: commissions, ETF fees, management fees (1.5%). Returns assume reinvestment of all interest and dividends. Monthly client returns may differ slightly from reported figures due to variations in trade execution. Do not rely on backtests or past performance alone for investment decisions. The future will be different than the past, and in unknown ways. *60/40 portfolio is 60% S&P 500 and 40% Barclays Aggregate Bond Index.

Global Enhanced Alpha live returns since launch

GEA Levered (Standard with 2x leverage)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018								7.85%	3.68%	-11.11%	3.03%	-0.38%	1.42%
2019	0.93%	-0.47%	3.06%	-0.44%	-2.42%	7.35%	1.75%	4.42%	-5.23%	6.41%	3.91%	2.30%	22.97%
2020	-6.25%	-2.36%											-8.46%

GEA Standard

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018								3.52%	1.61%	-5.63%	1.43%	-0.22%	1.01%
2019	1.06%	-0.12%	1.84%	-0.08%	-0.86%	3.85%	1.00%	2.97%	-2.52%	2.81%	0.00%	1.33%	11.70%
2020	-2.24%	-0.95%											-3.17%

GEA Balanced

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018								2.73%	1.07%	-4.44%	1.31%	0.45%	0.92%
2019	1.20%	-0.27%	1.79%	-0.17%	-0.48%	3.38%	0.54%	3.58%	-2.20%	2.36%	-0.13%	1.05%	11.01%
2020	-1.43%	-0.53%											-1.95%

GEA Conservative

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018								2.07%	0.27%	-3.22%	1.19%	0.92%	0.60%
2019	1.13%	-0.35%	1.83%	-0.23%	0.27%	2.73%	0.25%	3.95%	-2.06%	1.14%	-0.34%	0.16%	8.67%
2020	-0.51%	-0.53%											-1.04%

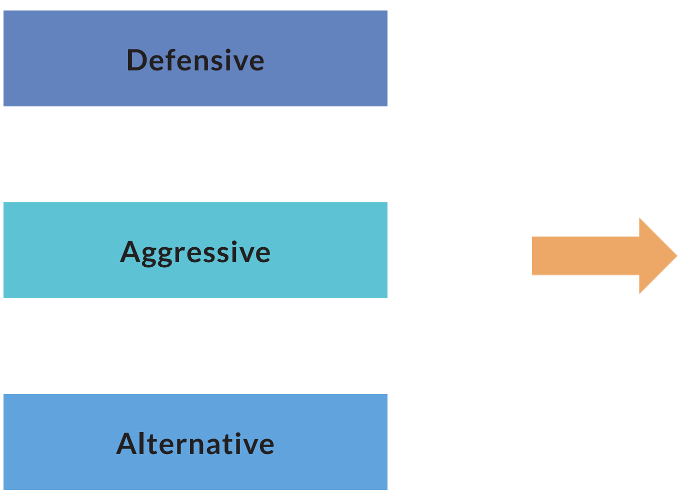
All Fortuna strategy figures are net of the following: management fees, commissions, ETF fees. S&P 500 index fund returns do not include commissions or management fees. Sortino Ratio is a measure of volatility-adjusted return. Monthly client returns may differ slightly from reported figures due to variations in trade execution.

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.

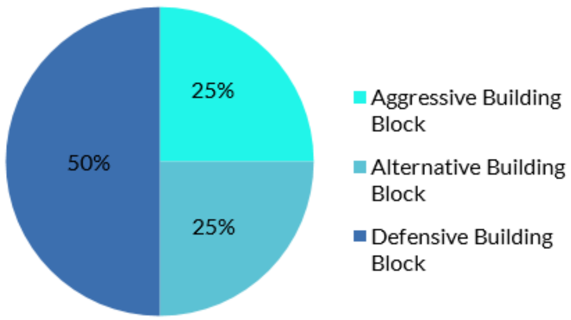
While a building block approach is nothing new, Fortuna Investors takes a more rigorous and evidence-based approach to designing our building blocks than conventional portfolio managers, resulting in a stronger foundation for growth and stability.

Fortuna's Building Blocks



Global Enhanced Alpha Strategy Example

Composition of GEA - Balanced



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.

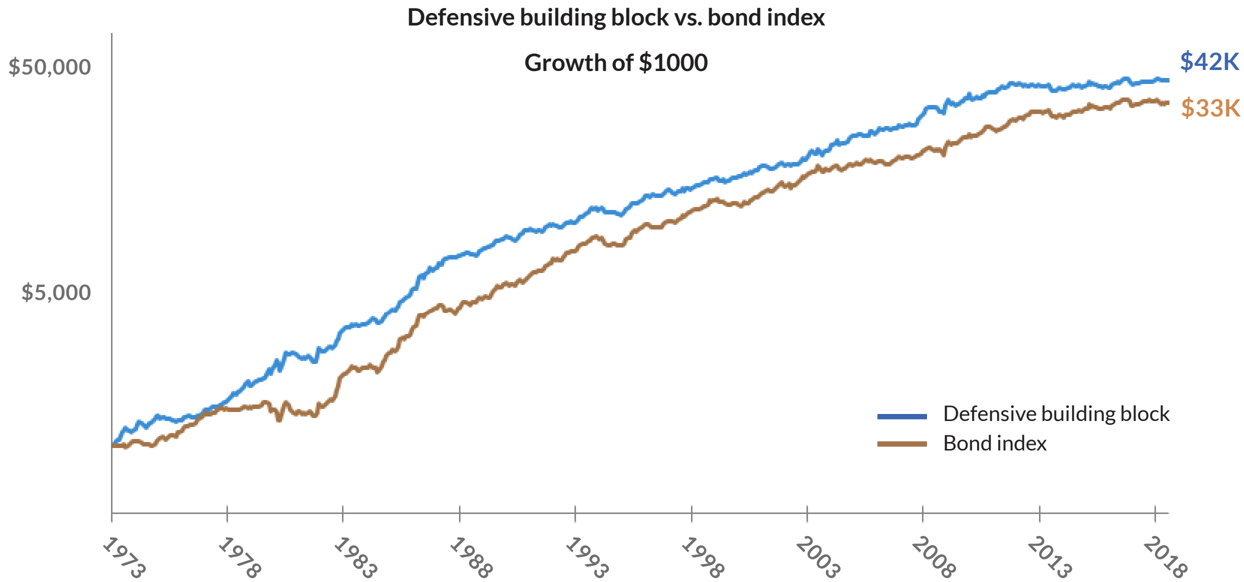
All of the building blocks could stand on their own and outperform their respective benchmarks, but when taken together, their uncorrelated return streams complement one another and combine into a powerful and reliable investment engine.

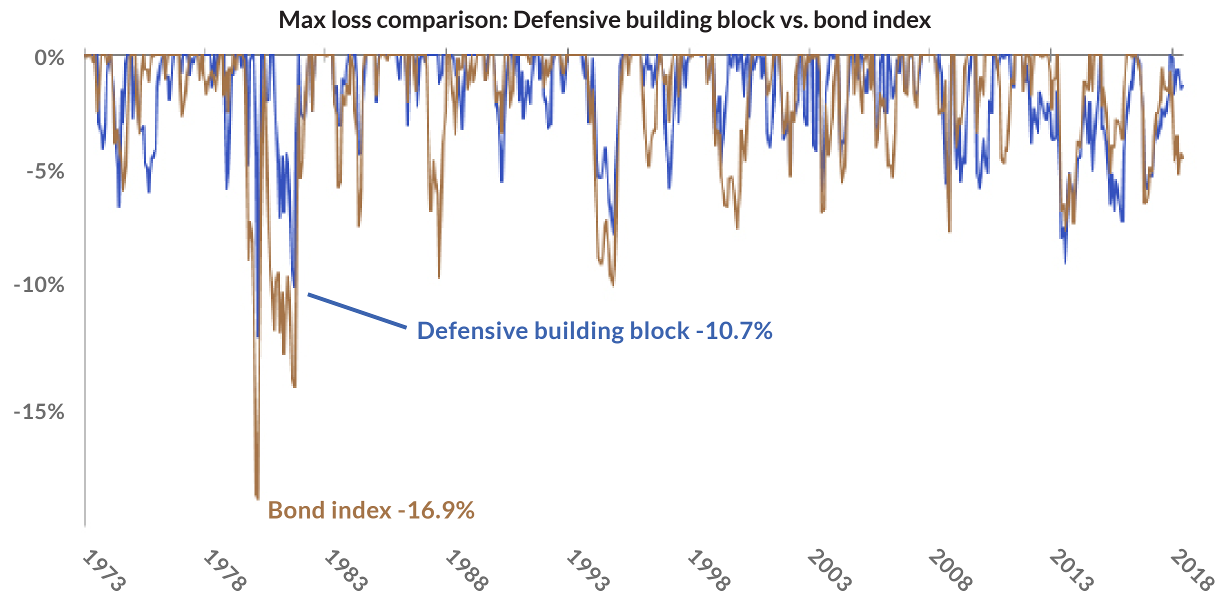
Better building blocks

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	Fortuna Defensive Block
Domestic bonds, money market funds, CDs	High credit quality foreign and domestic bonds of varying duration
May also include traded & non-traded REITs & BDCs, high-dividend stocks, MLPs	Gold, other physical commodities, foreign developed stocks
High correlation to US stocks in a bear market	Constructed in a manner that has low correlation to US stocks
Inflation & interest rate risk (rates rise, traditional fixed income values fall)	Inflation protection through hard assets, dynamic rotation to shorter-duration notes
Lack of risk control - never go to cash, will capture full downside of bear market	Strict risk controls - go to cash when market conditions become unfavorable
Fail to harness well documented factors that have historically driven outsized returns	Harness well documented factors that have historically driven outsized returns
Can contain high-fee, less-liquid products, especially “alternative fixed-income”	Low fees, daily liquidity (ETFs)
High risk per unit of return	Low risk per unit of return





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

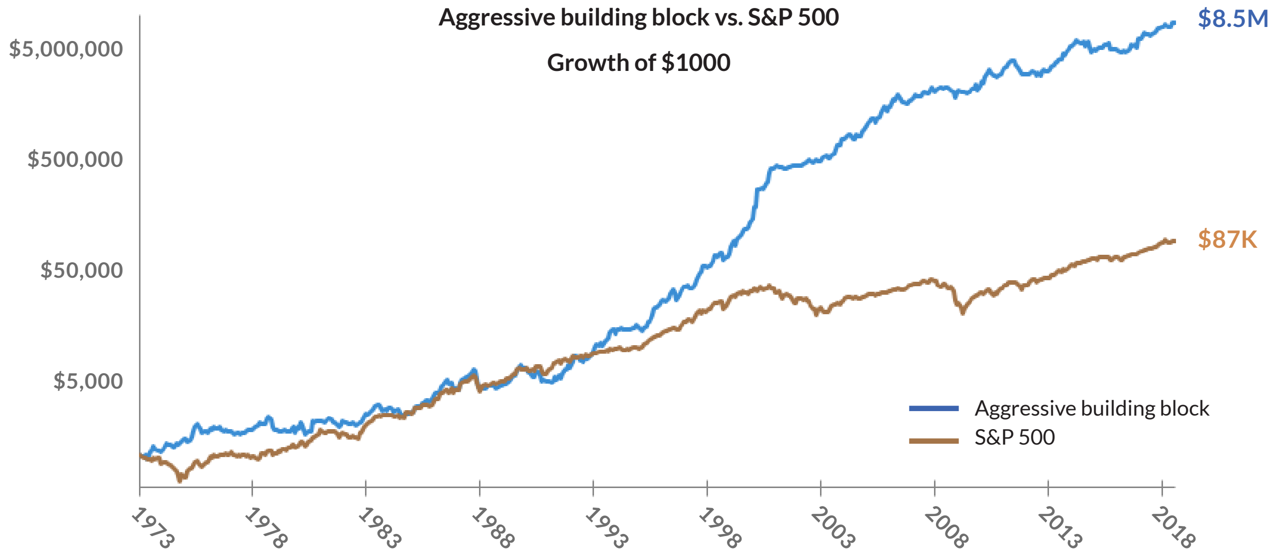
Defensive building block figures include 1.5% per year in management fees, plus ETF fees and commissions. Benchmark is presented without fees or commissions. Figures are from backtests, not actual accounts.

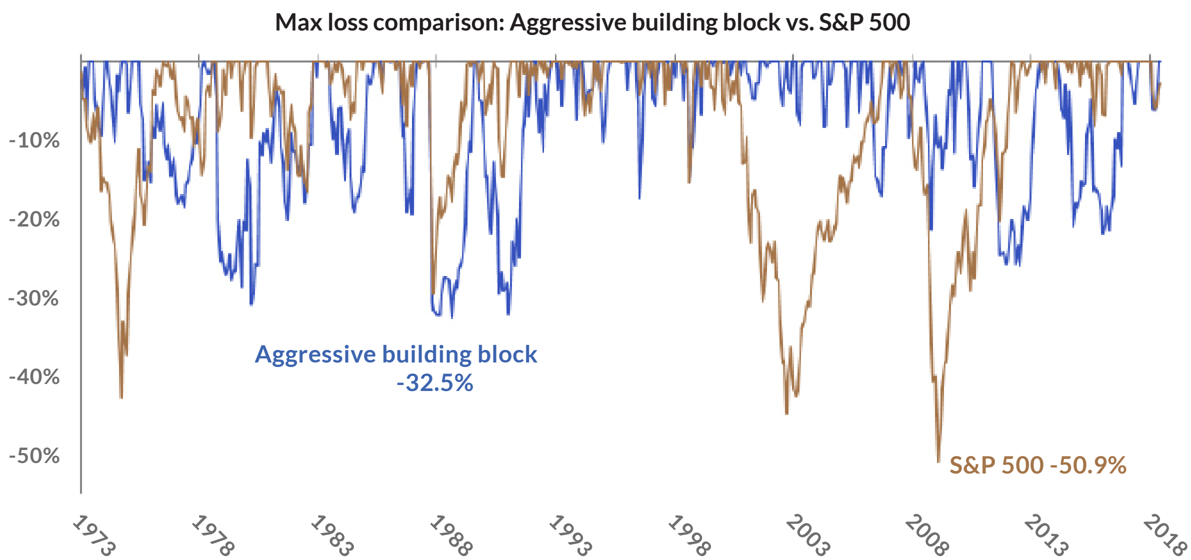
Better building blocks, continued

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	Fortuna Aggressive Block
Stocks	Mostly stocks
Index benchmarked (S&P 500, etc)	Potential to hold non-stock assets when appropriate
Market-cap weighted	Equal-weighted: can capture equal returns from large and small stocks
Over-diversified: little ability to generate alpha	Concentrated: Maximum of 40 stock positions at a time
Lack of risk control: never go to cash, will capture full downside of bear market	Strict risk controls: go to cash when market conditions become unfavorable
Fail to harness well documented factors that have historically driven outsized returns	Harness well documented factors that have historically driven outsized returns
Mutual funds: Potential for high fees and negative tax consequences	Direct ownership of individual stocks and ETFs: lower fees, tax efficiency





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

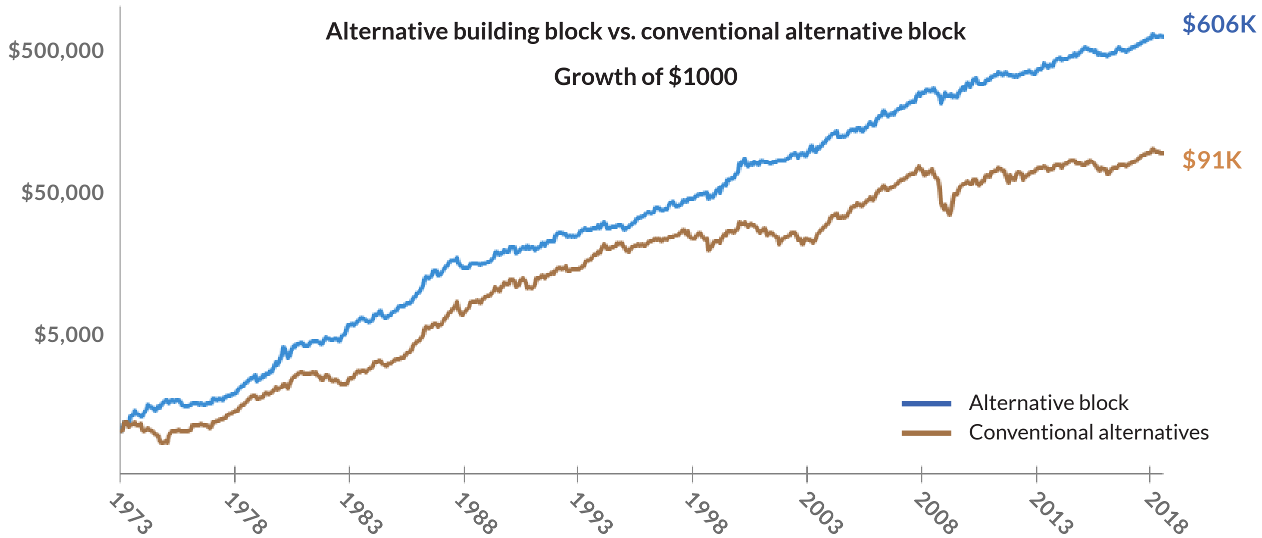
Aggressive block figures include 1.5% per year in management fees (benchmarks are presented without fees). Aggressive figures do not include dividends paid on US equities, but benchmarks do include reinvested dividends. Aggressive figures include ETF fees and commissions at Interactive Brokers' standard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

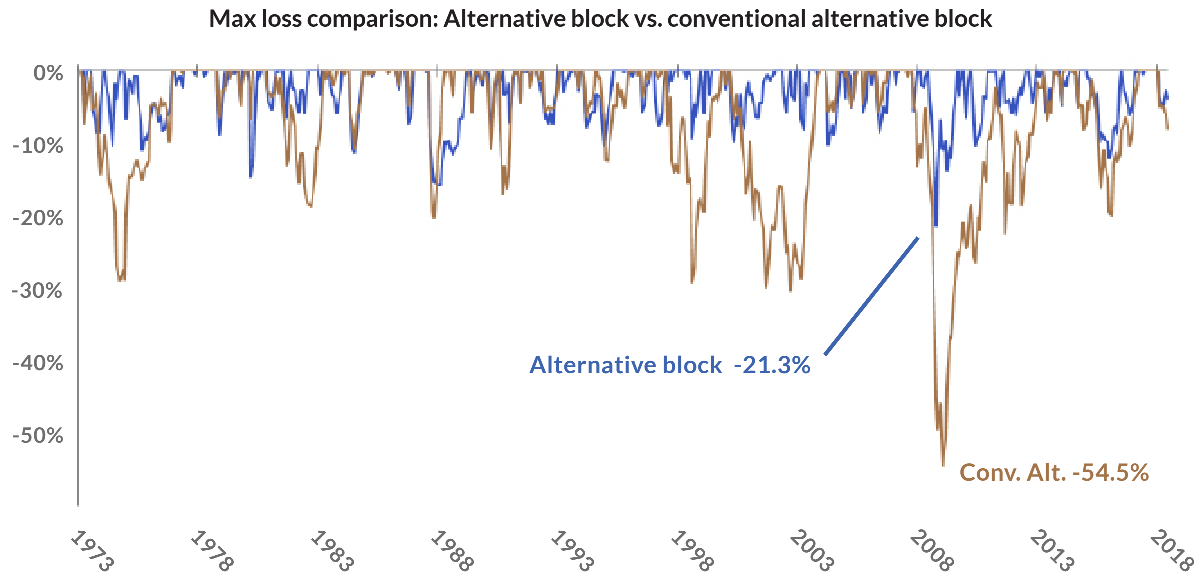
Better building blocks, continued

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	Fortuna Alternative Block
Foreign stocks, resource stocks, real estate, oil, gold, alternative credit	Foreign stocks, real estate, gold, physical commodities, fixed income, US stocks (all as ETFs)
Constructed in a manner that has high correlation to US stocks	Constructed in a manner that has low correlation to US stocks
Typically a low portion of overall portfolio: little ability to impact returns	Meaningful portion of overall portfolio: tends to smooth portfolio returns
High fees & potential for low liquidity and extended lock ups (hedge funds, CTAs)	Low fees, daily liquidity
Lack of risk control: never go to cash, will capture full downside of bear market	Strict risk controls: may go to cash when market conditions become unfavorable
Fail to harness well documented factors that have historically driven outsized returns	Harness well documented factors that have historically driven outsized returns
High risk per unit of return	Low risk per unit of return
Proxy: EAFE(37.5%), EEM(37.5%), GSCI (5%), REITs (10%), Baa bonds(10%), rebalanced monthly	Style: Global Tactical Asset Allocation (GTAA)

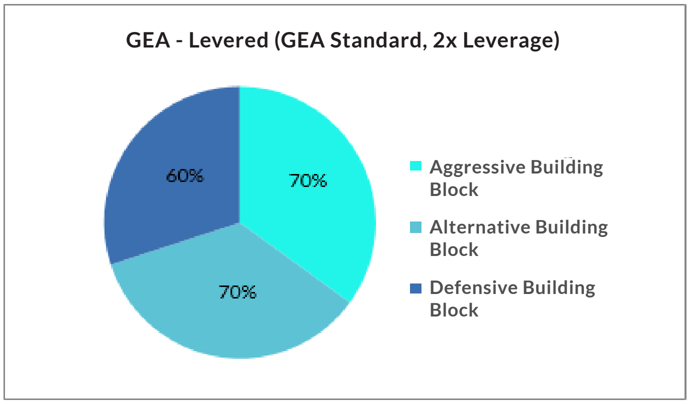


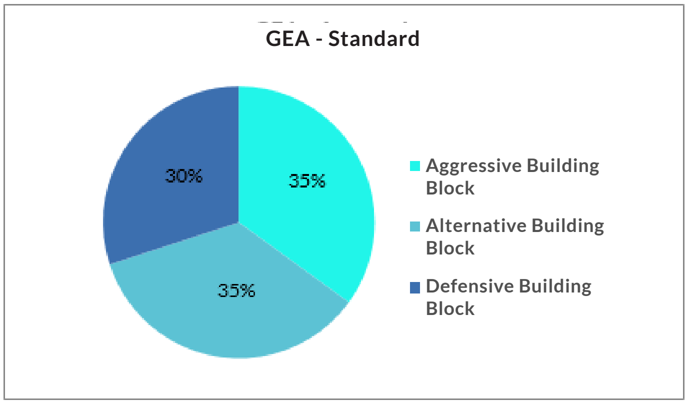


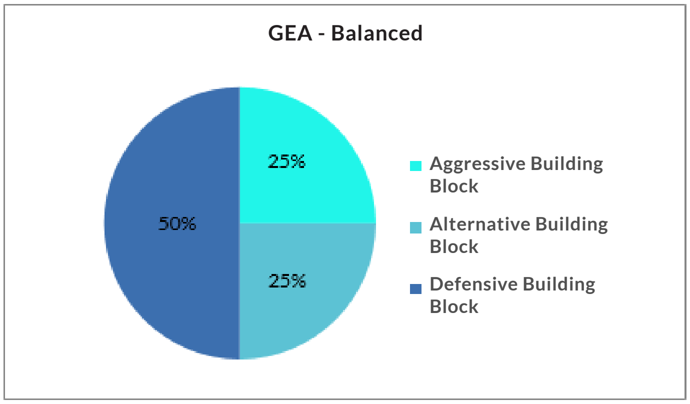
Strategy	$1000 becomes	Growth rate	Worst year	Maximum loss	Sortino ratio
Fortuna alternative	$606,000	15.1%	-8.1%	-21.3%	1.2
Conventional alternative block	$91,000	10.4%	-42.7%	-54.5%	0.6

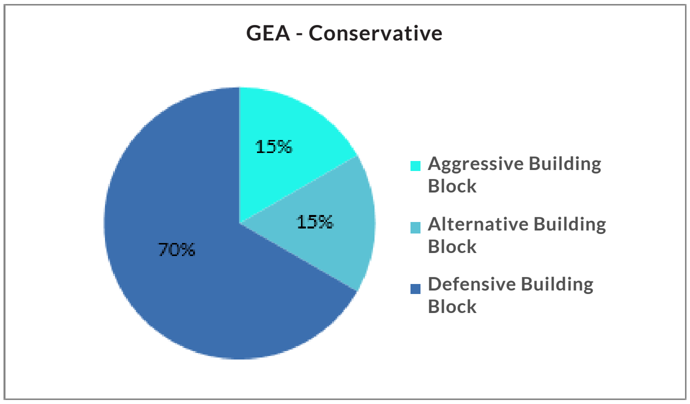
Alternative block figures include 1.5% per year in management fees (benchmarks are presented without fees). Fortuna figures do not include dividends paid on US equities, but benchmarks do include reinvested dividends. Fortuna figures include ETF fees and commissions at Interactive Brokers' standard rates. 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%).

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









Strategy	$10,000 becomes	CAGR	Maximum loss	Sortino ratio
GEA Conservative	$1,500,000	11.2%	12.9%	1.4
GEA Balanced	$3,220,000	13.1%	14.4%	1.3
GEA Standard	$7,370,000	15.1%	16.9%	1.3
GEA 2x Levered	$195m	23.4%	36.5%	1.0
S&P 500	$872,000	9.9%	50.8%	0.6

Guiding principals

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.*

Guiding principals, continued

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*.

Guiding principals, continued

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

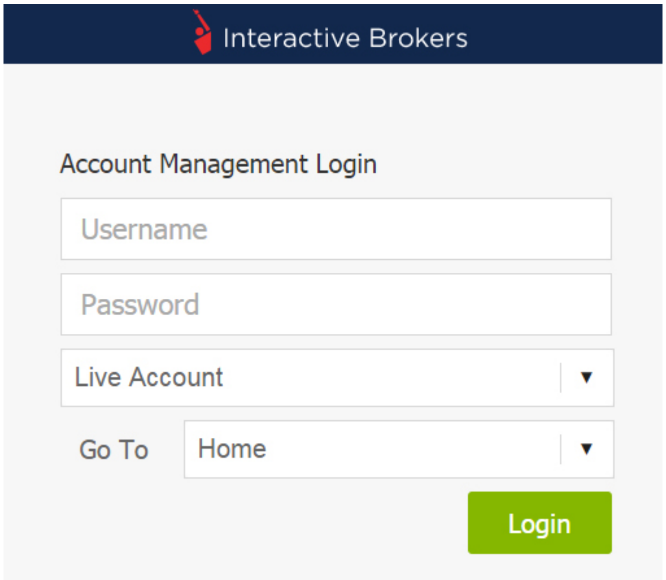
Our goals are to provide you with the best financial planning and portfolio management possible. Your future is our only concern, and your success is our only means to success. We get to know each client personally, and strive to earn their trust and long-term partnership.

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.



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 codifed the best practices of the trading world and applied them to inherently conservative asset allocation portfolios, with the goal of further reducing volatility.

Michael J. Ritger began his career as a smallcap equity analyst, then transitioned to independent trading during the financial crisis. He concurrently built the first open financial and resource database on the global mineral exploration and mining industry. He was born in NJ and attended Bates College where he ran varsity track and majored in English (BA '02), and then obtained a Masters of Environmental Management from Yale University ('05). He has lived in Florida since 2012, where he enjoys spending time on the ocean and with his family. He has passed the Uniform Investment Adviser Law Examination – Series 65 (May 2003).

Vedant Mimani began his career at Heartland Securities in New York City in the late 1990s, and was successful enough to transition to independent trading in 2000. 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 wound down his gold equity fund in 2014 to focus on tactical asset allocation with Fortuna Investors. He was born in NJ and attended Yale University, where he played varsity football and majored in economics (BA '96). He has lived in Florida since 2007, and enjoys travelling with his family, mentoring, and boxing. He has passed the Uniform Investment Adviser Law Examination – Series 65 (January 2014).

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

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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