

# **FORTUNA ASSET MANAGERS LLP**

## **DISCLOSURE DOCUMENT**

### **PORTFOLIO MANAGEMENT SERVICES**

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**SEBI License No.: INP000008093**

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## **PART-I- Static Section**

### **1. Disclaimer Clause**

This Document has been prepared in accordance with the SEBI (Portfolio Managers) Regulations, 2020 and filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.

The distribution of this Document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about and to observe any such restrictions.

### **2. Definitions**

In this Disclosure Document, unless the context otherwise requires, the following words and expressions shall have the meaning assigned to them:

1. **“Act”** means the Securities and Exchange Board of India Act, 1992.
2. **“Accreditation Agency”** means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by SEBI from time to time.
3. **“Accredited Investor”** means any person who is granted a certificate of accreditation by an accreditation agency who:
  - (i) in case of an individual, HUF, family trust or sole proprietorship has:
    - (a) annual income of at least two crore rupees; or
    - (b) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or
    - (c) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.
  - (ii) in case of a body corporate, has net worth of at least fifty crore rupees;
  - (iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;
  - (iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall be deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

4. **“Advisory Services”** means advising on the portfolio approach, investment and divestment of individual Securities in the Client’s Portfolio, entirely at the Client’s risk, in terms of the Regulations and the Agreement.

5. **“Agreement”** or **“Portfolio Management Services Agreement”** or **“PMS Agreement”** means agreement executed between the Portfolio Manager and its Client for providing portfolio management services and shall include all schedules and annexures attached thereto and any amendments made to this agreement by the parties in writing, in terms of Regulation 22 and Schedule IV of the Regulations.
6. **“Applicable Law/s”** means any applicable statute, law, ordinance, regulation, rule, order, bye-law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument including the Regulations which has a force of law, as is in force from time to time.
7. **“Assets Under Management”** or **“AUM”** means aggregate net asset value of the Portfolio managed by the Portfolio Manager on behalf of the Clients.
8. **“Associate”** means (i) a body corporate in which a director or partner of the Portfolio Manager holds either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or (ii) a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the Portfolio Manager.
9. **“Benchmark”** means an index selected by the Portfolio Manager in accordance with the Regulations, in respect of each Investment Approach to enable the Clients to evaluate the relative performance of the Portfolio Manager.
10. **“Board”** or **“SEBI”** means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.
11. **“Business Day”** means any day, which is not a Saturday, Sunday, or a day on which the banks or stock exchanges in India are authorized or required by Applicable Laws to remain closed or such other events as the Portfolio Manager may specify from time to time.
12. **“Client(s)” / “Investor(s)”** means any person who enters into an Agreement with the Portfolio Manager for availing the services of portfolio management as provided by the Portfolio Manager.
13. **“Custodian(s)”** means an entity registered with the SEBI as a custodian under the Applicable Laws and appointed by the Portfolio Manager, from time to time, primarily for custody of Securities of the Client.
14. **“Depository”** means the depository as defined in the Depositories Act, 1996 (22 of 1996).
15. **“Depository Account”** means an account of the Client or for the Client with an entity registered as a depository participant under the SEBI (Depositories and Participants) Regulations, 1996.
16. **“Direct on-boarding”** means an option provided to clients to be on-boarded directly with the Portfolio Manager without intermediation of persons engaged in distribution services.
17. **“Disclosure Document”** or **“Document”** means the disclosure document for offering

- portfolio management services prepared in accordance with the Regulations.
18. **“Distributor”** means a person/entity who may refer a Client to avail services of Portfolio Manager in lieu of commission/charges (whether known as channel partners, agents, referral interfaces or by any other name).
  19. **“Eligible Investors”** means a Person who: (i) complies with the Applicable Laws, and (ii) is willing to execute necessary documentation as stipulated by the Portfolio Manager.
  20. **“Fair Market Value”** means the price that the Security would ordinarily fetch on sale in the open market on the particular date.
  21. **“Foreign Portfolio Investors”** or **“FPI”** means a person registered with SEBI as a foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time.
  22. **“Financial Year”** means the year starting from April 1 and ending on March 31 in the following year.
  23. **“Funds”** or **“Capital Contribution”** means the monies managed by the Portfolio Manager on behalf of the Client pursuant to the Agreement and includes the monies mentioned in the account opening form, any further monies placed by the Client with the Portfolio Manager for being managed pursuant to the Agreement, the proceeds of sale or other realization of the portfolio and interest, dividend or other monies arising from the assets, so long as the same is managed by the Portfolio Manager.
  24. **“Group Company”** shall mean an entity which is a holding, subsidiary, associate, subsidiary of a holding company to which it is also a subsidiary.<sup>i</sup>
  25. **“HUF”** means the Hindu Undivided Family as defined in Section 2(31) of the IT Act.
  26. **“Investment Approach”** is a broad outlay of the type of Securities and permissible instruments to be invested in by the Portfolio Manager for the Client, taking into account factors specific to Clients and Securities and includes any of the current Investment Approach or such Investment Approach that may be introduced at any time in future by the Portfolio Manager.
  27. **“IT Act”** means the Income Tax Act, 1961, as amended and restated from time to time along with the rules prescribed thereunder.
  28. **“Large Value Accredited Investor”** means an Accredited Investor who has entered into an Agreement with the Portfolio Manager for a minimum investment amount of ten crore rupees.
  29. **“Non-resident Investors”** or **“NRI(s)”** shall mean non-resident Indian as defined in Section 2 (30) of the IT Act.
  30. **“NAV”** shall mean Net Asset Value, which is the price; that the investment would ordinarily fetch on sale in the open market on the relevant date, less any receivables and fees due.

31. **“NISM”** means the National Institute of Securities Markets, established by the Board.
32. **“Person”** includes an individual, a HUF, a corporation, a partnership (whether limited or unlimited), a limited liability company, a body of individuals, an association, a proprietorship, a trust, an institutional investor and any other entity or organization whether incorporated or not, whether Indian or foreign, including a government or an agency or instrumentality thereof.
33. **“Portfolio”** means the total holdings of all investments, Securities and Funds belonging to the Client.
34. **“Portfolio Manager”** means **Fortuna Asset Managers LLP**, a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008, registered with SEBI as a portfolio manager bearing registration number **INP000008093** and having its registered office at 364, Nav Sansad Vihar, Plot 4, Sector 22, Dwarka, New Delhi 110075.
35. **“Principal Officer”** means an employee of the Portfolio Manager who has been designated as such by the Portfolio Manager and is responsible for:
- (i) the decisions made by the Portfolio Manager for the management or administration of Portfolio of Securities or the Funds of the Client, as the case may be; and
  - (ii) all other operations of the Portfolio Manager
36. **“Regulations”** or **“SEBI Regulations”** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, as amended/modified and reinstated from time to time and including the circulars/notifications issued pursuant thereto.
37. **“Related Party”** means –
- (i) a director, partner or his relative;
  - (ii) a key managerial personnel or his relative;
  - (iii) a firm, in which a director, partner, manager or his relative is a partner;
  - (iv) a private company in which a director, partner or manager or his relative is a member or director;
  - (v) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
  - (vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;
  - (vii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
  - (viii) any body corporate which is— (A) a holding, subsidiary or an associate company of the Portfolio Manager; or (B) a subsidiary of a holding company to which the Portfolio Manager is also a subsidiary; (C) an investing company or the venturer of the Portfolio Manager— The investing company or the venturer of the Portfolio Manager means a body corporate whose investment in the Portfolio Manager would result in the Portfolio Manager becoming an associate of the body corporate;

- (ix) a related party as defined under the applicable accounting standards;
- (x) such other person as may be specified by the Board:  
Provided that,
  - (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
  - (b) any person or any entity, holding equity shares:
    - (i) of twenty per cent or more; or
    - (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding Financial Year; shall be deemed to be a related party;

38. **“Securities”** means security as defined in Section 2(h) of the Securities Contract (Regulation) Act, 1956, provided that securities shall not include any securities which the Portfolio Manager is prohibited from investing in or advising on under the Regulations or any other law for the time being in force.

### 3. Description

#### (i) History, Present Business and Background of the portfolio manager.

Fortuna Asset Managers LLP (the “Portfolio Manager”) was incorporated under the laws of Limited Liability Partnership Act 2008 on 04 Aug 2022, by Gurvinder Singh Juneja and Jasmeen Kaur with the purpose of providing Advisory and Portfolio Management Services, as defined by SEBI regulations. The LLP is a SEBI registered PMS [registration number INP000008093].

#### (ii) Promoters of the portfolio manager, directors and their background.

The Designated Partners at the Portfolio Manager are Mr. Gurvinder Singh Juneja and Ms. Jasmeen Kaur. The management team is well-rounded with combined experience of over four decades in the areas of investment management, corporate finance, credit risk, equity research, compliance and client relations.

Mr. Gurvinder Singh Juneja is Designated Partner and Principal Officer at the Portfolio Manager. He holds a Post Graduate Diploma in Management (PGDM) with specialization in Finance from Indian Institute of Management, Ahmedabad (IIMA), India and B. Tech Hons from the Indian Institute of Technology, Varanasi (IIT BHU), India. He has an experience of 26+ years in financial analysis, investment research, capital raise, investment management, and corporate finance advisory.

Ms. Jasmeen Kaur is Designated Partner at the Portfolio Manager. She holds a Post Graduate Diploma in Management (PGDM) with specialization in Finance from Indian Management Institute, Delhi (IMI), India and B. Com Hons from Sri Ram College of Commerce, Delhi (SRCC), Delhi University, India. She has 22+ years of business experience in Credit risk assessment across a diverse set of companies and sectors. She also has a brief banking experience of 2 years in the area of credit risk and modelling.

Mr. Rahul Patel, the Compliance Officer of the firm, manages the regulatory compliance and oversees the customer onboarding and servicing. He has over 7 years of experience in

operations and compliance roles at Portfolio Managers. Rahul has been a part of our firm since the date we started PMS operations.

The compliance and operations team consists of experienced resources to focus on client on-boarding, report performance to clients, answer client queries and enable a smooth operating experience with respect to filing, documentation and other compliance and operations aspects of the business.

**(iii) Top 10 Group companies/firms of the portfolio manager on turnover. basis (latest audited financial statements may be used for this purpose)**

Top 10 Group Companies on turnover basis are as follows:

<b>Sr. No.</b>	<b>Name of the Group Companies</b>
1.	Fortuna Partners is a Partnership firm incorporated in Oct 2022 to provide non-investment related consulting services. Currently, the partnership firm is non-operational, and the turnover of Fortuna Partners for FY 2024-25 was Rs. 0.

**(iv) Details of the services being offered: Discretionary/ Non-discretionary / Advisory.**

**A. Discretionary Portfolio Management Services (Discretionary PMS)**

The Portfolio Manager shall independently manage the funds and securities of the Client in accordance with the provisions of the portfolio management service agreement. The Portfolio Manager shall have the sole and absolute discretion to invest on behalf of the Client in any type of Security as per the executed agreement and make such changes in the investments and invest some or all of the Funds in such manner and in such markets as it deems fit.

The Portfolio Managers' decision in deployment of the Clients' account is absolute and final and cannot be called to question or review at any time during the currency of the agreement or at any time thereafter except fraud, conflict of interest or gross negligence.

Investment under the portfolio management services will be only as per the applicable SEBI regulations. The uninvested parts of the Client's Funds may at the discretion of the Portfolio Manager be held in cash or deployed in Treasury or high rated Debt Securities, liquid fund schemes, exchange traded liquid or index funds, debt-oriented schemes of mutual funds, gilt schemes, bank deposits, or other short-term avenues for investment.

The Client's portfolios under the discretionary services are based on Client's investment

objectives and should not be construed as any scheme promoted by the company. The Portfolio Manager ascertains the investor's investment objectives to achieve optimal returns based on his risk profile.

#### **B. Non-Discretionary Portfolio Management Services (NDPMS)**

The Investment decisions of the Portfolio Manager are guided by the instructions received from the Client under an agreement executed between the Portfolio Manager and the Client. The deployment of funds and/or securities is the sole discretion of the Client and is to be exercised by the Portfolio Manager in a manner that strictly complies with the Client's instruction for execution.

The decision of the client in deployment of Funds and/or securities and the handling of his/her/its Portfolio is absolute and final. The role of Portfolio Manager, apart from acting on the instructions of the Client, is restricted to providing market intelligence which will enable the Client to take appropriate investment decision. For the purpose of acting on the Client's instruction, the Portfolio Manager shall take instructions from the Client in writing or e-mail and may include buying and selling the securities, keeping safe custody of the securities and monitoring book closures, dividend, bonus, rights etc. so that all benefits accrue to the Client's Portfolio for an agreed fee structure and for a definite described period, entirely at the Client's risk.

#### **C. Advisory Services**

Under these services, the Client is advised on buy/sell decision within the overall profile without any back-office responsibility for trade execution, custody of securities or accounting functions. The Portfolio Manager shall be solely acting as an Advisor to the Client and shall not be responsible for the investment/divestment of securities and/or administrative activities on the client's portfolio. The Portfolio Manager shall act in a fiduciary capacity towards its Client and shall maintain an arm's length relationship with its other activities. The Portfolio Manager shall provide advisory services in accordance with guidelines and/or directives issued by the regulatory authorities and/or the Client from time to time in this regard.

The Portfolio Manager provides the facility for direct onboarding of clients i.e. on-boarding of clients without intermediation of distributors.

**4. Penalties, pending litigation or proceedings, findings of inspection or investigation for which action may have been taken or initiated by any regulatory authority.**

i. All cases of penalties imposed by the Board or the directions issued by the Board under the Act or rules or regulations made thereunder.	None
ii. The nature of the penalty/direction	Not Application
iii. Penalties/fines imposed for any economic offence and/ or for violation of any securities laws.	None
iv. Any pending material litigation/legal proceedings against the portfolio manager/key personnel with separate disclosure regarding pending criminal cases, if any.	None
v. Any deficiency in the systems and operations of the portfolio manager observed by the Board or any regulatory agency.	None
vi. Any enquiry/ adjudication proceedings initiated by the Board against the portfolio manager or its directors, principal officer or employee or any person directly or indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or rules or regulations made thereunder.	None

## **5. Services Offered**

### **5.1 Investment Objectives and Investment Approaches Being Offered**

#### **5.1.1. Discretionary Portfolio Management (Discretionary PMS) Services**

The Portfolio Manager shall be acting in a fiduciary capacity with regard to Clients' Portfolio and shall have sole and absolute discretion to invest Clients' Funds in any type of Securities and in any market as he deems fit for the benefit of the Client as per the Discretionary Portfolio Investment Management Agreement. The Securities invested / disinvested by the Portfolio Manager may differ from Client to Client. The Securities traded or held by the Portfolio Manager for different Client Portfolios, even if invested in the same Investment Strategy, may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of fraud or gross negligence. This right of the Portfolio Manager shall be exercised in accordance with the Regulations, guidelines and notifications in force from time to time.

Portfolio Manager shall invest funds of the client only in the Securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other Securities as specified by Board from time to time, on behalf of their clients.

Money Market Instruments includes commercial paper, treasury bills, and certificates of deposit.

Portfolio Manager may invest in units of Mutual Funds (only through Direct Plan), and no distribution fees will be charged to the client.

The Portfolio Manager may offer discretionary portfolio management services for investment up to 100% of the assets under management of the Large Value Accredited Investors in unlisted securities, subject to the terms agreed between the client and the Portfolio Manager.

#### **5.1.2. Non-Discretionary Portfolio Management Services (NDPMS)**

The Portfolio of the Client shall be managed in consultation with the Client. Under this service the Assets will be managed as per instructions issued from the Client. The Client will have discretion to decide on the investment. The Portfolio Manager will manage transaction execution, accounting, recording of corporate benefits, valuation and reporting aspects on behalf of the Client, for an agreed fee structure and for a definite period as outlined in the Agreement. The Client will bear the entire risk of his / her Portfolio themselves, and the Portfolio Manager will not be responsible for any risk to the Client's Portfolio.

The Portfolio Manager may offer non-discretionary portfolio management services for investment up to 100% of the assets under management of the Large Value Accredited Investors

in unlisted securities, subject to the terms agreed between the client and the Portfolio Manager.

### **5.1.3. Investment Advisory Services**

The Portfolio Manager will provide Advisory Services, in terms of Regulations, which shall be in the nature of non-binding investment advisory and shall include the responsibility of advising on the Portfolio strategy, investment and divestment of individual Securities on the Clients Portfolio, for an agreed fee structure and for a period agreed in the Agreement, entirely at the Client's risk, to all eligible categories of investors who can invest in Indian market. The Advisory Services may be either general or specific in nature and may pertain to a particular portfolio. Entry/exit timing, execution and settlement would solely be the responsibility of the Client

The Portfolio Manager shall, provide advisory services in accordance with such guidelines and/or directives issued by the regulatory authorities and /or the Client, from time to time, in this regard.

## **5.2 Investment Philosophy of the Portfolio Manager**

The investment philosophy revolves around two key aspects: Endeavour to preserve capital and generate long term returns. The Portfolio Manager endeavors at all times to preserve and then, grow the portfolio. The goal is not necessarily to outperform a rapidly rising market, but as far as possible, aim to avoid the troughs in a falling market such that over a long-term time horizon, the portfolios outperform the benchmarks.

## **5.3 Investment Objective of the Portfolio Manager**

The investment objectives of the portfolio manager are:

- To preserve capital
- To generate returns greater than the risk-free rate
- To out-perform the benchmark Equity Index over medium / long-term of 3-5 years

The same would be achieved by investing in Securities as detailed below in section below however, within the overall guiding principles as detailed in the Investment Strategy of the Portfolio Manager.

To achieve the above stated investment objectives, the corpus would be invested in any one or more of the following securities:

- a. Securities listed on recognized stock exchange/s including equity, derivatives, debt instruments
- b. Money market instruments
- c. Units of Mutual Funds
- d. Unlisted Securities (up to 25% or any other % specified by SEBI, of the assets under

- management for non-discretionary or advisory services)
- e. Any other Securities on behalf of the clients; in compliance with SEBI

The Portfolio Manager may offer Discretionary or Non-Discretionary or Advisory Services for investment up to hundred percent of the assets under management of the large value accredited investors in unlisted securities.

Until such time the Portfolio Manager finds appropriate investment opportunities, the Portfolio Manager may at its discretion, in all the Portfolios, invest the Client's Funds in units of mutual funds, money market instruments and/or gilt securities issued by Central/State governments. Asset classes for deployment shall be always subject to the scope of investments guidelines as prescribed under the regulations and the Agreement agreed upon between the Portfolio Manager and the Client.

#### **5.4 Investment Policies**

The scope of investments shall be as agreed upon between the Portfolio Manager and the Client in the Agreement.

#### **5.5 Investment Approaches for Portfolio Management Services**

The Portfolio Manager shall provide Portfolio Management Services to all eligible category of investors who can invest in Indian market including resident Indians, NRIs, FPIs, etc.

Investment objectives may vary from Client to Client. Depending on the individual Client requirements, the Portfolio can be tailor-made based on the Client's specifications.

The Portfolio Manager proposes offering the following Portfolio Strategy as below:

##### **5.5.1 Fortuna One: Long term Capital Compounding Approach**

**Strategy: Equity**

**Benchmark: S&P BSE 500 TRI**

##### **i. Investment Objective and Strategy:**

The objective of 'Fortuna One' is to achieve long term capital appreciation and compounding by primarily investing in listed Securities in India. The investment strategy is long only with a bottom-up stock selection approach. The strategy will focus on investing in well-run businesses that are consistently growing intrinsic value, at prices below our estimates of intrinsic value.

The key tenets of the Strategy are:

##### **Fundamental Analysis:**

- a. Businesses with a competitive advantage.

- b. Businesses targeting a large opportunity to serve.
- c. Emphasis on management competence, integrity and alignment.
- d. High corporate governance.
- e. Strong cash flows.
- f. Strong balance sheets.

**Long Term Conviction:**

- a. Time to build conviction, hold long term.
- b. Continuously assess conviction levels, rather than price targets.
- c. Contrarian position, often against the prevailing market view.
- d. Track investment thesis on quarterly basis.

**Accept Volatility but Avoid “Risk”:**

- e. Accept interim volatility as the investment thesis plays out.
- f. Avoid risk of
- g. permanent loss of capital invested.
- h. Accept risk of missing opportunity [do not worry about FOMO (fear of missing out)].

The portfolio would include primarily listed Securities (generally 80% to 100%), primarily of mid cap and small cap companies, but the Portfolio Manager may invest in other Securities as permissible under the SEBI (Portfolio Managers) Regulations 2020, as amended from time to time.

**ii. Portfolio Construction:**

The Portfolio Manager will target adequate diversification in managing Client’s funds and mitigating risk that could arise from non-diversification. The Portfolio Construction and weightage will cover the following considerations:

- o Number of Securities and level of concentration as percentage across sectors or industries.
- o Liquidity of Securities in the Portfolio.
- o Nature of Securities (equity, debt and / or liquid instruments).
- o Client’s guidance on limits/restriction for investment in Securities.

**iii. Description of types of Securities:** Equity, equity related instruments, Liquid schemes and units of Mutual Funds.

**iv. Allocation of portfolio across types of Securities:** Equity and equity related Securities upto 100%, Sovereign, AAA, AA or A category rated Listed Debt Securities, listed REITs, listed InvITs, SGBs or other Debt like Securities.

**v. Benchmark:** S&P BSE 500 TRI is our benchmark since it serves as a comprehensive representation of the Indian economy.

**vi. Indicative tenure or investment horizon:** Recommended time horizon for effective portfolio returns as envisaged by the portfolio manager is 3 to 5 years, or longer.

**vii. Risk Factors:** Detailed risk related to investment in the Investment Approach are included as part of Section 6 [Risk Factors] in this Disclosure Document.

## 5.5.2 Fortuna Two: Inflation Protect Approach

**Strategy: Debt**

**Benchmark: CRISIL Composite Bond Fund Index**

### i. **Investment Objective and Strategy:**

The objective of 'Fortuna Two' is to predominantly make investments in high credit quality debt instruments to preserve capital, ensure low volatility and beat inflation. The investment strategy is short to medium term and will make a selection of G-Sec, AAA, AA or A listed debt Securities, or listed REIT or InvITs, or listed Sovereign Gold Bonds (SGBs), or other similar Securities.

The key tenets of the Strategy are:

**High Credit Quality Debt Securities:** The portfolio will include highly credit quality debt Securities.

**Short to Medium Tenor:** The debt Securities will be of short to medium tenor.

**Low Volatility:** The Strategy will focus on low volatility with changes in interest rates in the market. The portfolio would include primarily listed Debt Securities (generally 80% to 100%), primarily G-Secs, AAA, AA or A category rated listed Securities, but the Portfolio Manager may invest in other listed Securities as permissible under the SEBI (Portfolio Managers) Regulations 2020, as amended from time to time.

### ii. **Portfolio Construction:**

The Portfolio Manager will target adequate diversification in managing Client's funds and mitigating risk that could arise from non-diversification. The Portfolio Construction and weightage will cover the following considerations:

- Number of Securities and level of concentration as percentage across G-Secs, AAA, AA, A rated papers, listed REITs, listed InvITs, SGBs or other Debt like Securities.
- Liquidity of Securities in the Portfolio.
- Client's guidance on limits/restriction for investment in Securities.

### iii. **Description of types of Securities:** Sovereign, AAA, AA or A category rated Listed Debt Securities, listed REITs, listed InvITs, SGBs or other Debt like Securities.

### iv. **Allocation of portfolio across types of Securities:** Listed Debt or Debt like Securities upto 100%.

### v. **Benchmark:** CRISIL Composite Bond Fund Index is our benchmark as it includes a comprehensive basket or relevant debt Securities.

### vi. **Indicative tenure or investment horizon:** Recommended time horizon for effective portfolio returns as envisaged by the portfolio manager is 0 to 3 years. The Clients may opt for a systematic redemption option where their monies are deployed from 'Fortuna Two' (primarily Debt Strategy) to 'Fortuna One' (primarily Equity Strategy) on a regular basis. The clients may also place their funds

in Fortuna Two for the short term before investing the same into Fortuna One (primarily Equity Strategy).

- vii. **Risk Factors:** Detailed risk related to investment in the Investment Approach are included as part of Section 6 [Risk Factors] in this Disclosure Document.

### 5.5.3 Fortuna Three: Multi-Asset Growth Strategy: Multi-Asset, Discretionary Benchmark: NSE Multi Asset Index 2

#### i. Investment Objective and Strategy:

'Fortuna Three' aims to offer a comprehensive, all-in-one investment solution by allocating capital across multiple asset classes. The strategy is a top-down approach that draws on macro trends to identify opportunities as they arise. The portfolio will be built around diversified assets, with allocations adjusted as new themes and market developments emerge. We seek to invest early in emerging trends at reasonable valuations, giving investors a holistic framework and a systematic way to participate in these opportunities to enhance returns across asset classes.

The key tenets of the Strategy are:

- a. Macro trends and themes, implemented through a top-down approach.
- b. Ongoing comparison of performance across asset classes to guide allocation.
- c. Focus on intrinsic value opportunities backed by fundamentals.
- d. Discipline of investing only at reasonable valuations.
- e. Selective tapping of special situations where risk-reward is favourable.
- f. Designed for investor with a moderate risk appetite seeking diversified, multi-asset exposure.

#### ii. Portfolio Construction:

The Portfolio Manager will target adequate diversification in managing Client's funds and mitigating risk that could arise from non-diversification. The Portfolio will attempt to balance Direct Equity, Equity Mutual Funds (Direct Plans only), Debt and other yield instruments like InvITs and REITs, Commodity through ETFs, and global ETFs. The Portfolio Construction and weightage will cover the following considerations:

- Investment across Asset Classes ranging from 0%-100% depending on market opportunities.
- Liquidity of Securities in the Portfolio.
- Nature of Securities (listed equity, listed debt (AAA, AA and A rated), mutual funds, InvITs / REITs, Commodity ETFs and global ETFs, and liquid instruments).
- 

- iii. **Description of types of Securities:** listed equity, listed debt, Commodities,, listed ETFs (including Global ETFs / Fund of Funds), Mutual Funds, InvIT, REITs or any other

listed securities as permissible under SEBI (Portfolio Managers) Regulations 2020, as amended from time to time.

- iv. **Allocation of portfolio across types of Securities:** Flexibility to allocate across asset classes, with each asset class allowed to range from 0% to 100% of the portfolio based on prevailing market opportunities.
- v. **Benchmark:** NSE Multi Asset Index 2 will be the benchmark since it serves as a representation of different underlying asset classes.
- vi. **Indicative tenure or investment horizon:** Recommended time horizon for effective portfolio returns as envisaged by the portfolio manager is 3 to 5 years, or longer.
- vii. **Risk Factors:** Equity and Equity related securities are volatile by nature and prone to market fluctuations due to both macro and micro factors. Debt and Debt related instruments may exhibit volatility due to fluctuations in interest rates and macro factors. Detailed risk assessment is included as part of Section 6 [Risk Factors] in this Disclosure Document.

#### **5.5.4 Fortuna Non-Discretionary PMS (NDPMS) Strategy:**

Under this Strategy, the Portfolio Manager will make investments or exit investments in Securities as per instructions from the respective Client. The Portfolio Manager will ensure the client monies are pooled in a separate NDPMS account, with regular statements of account shared with the Client. The Portfolio Manager will be responsible for managing transaction execution, accounting, recording of corporate benefits, valuation and reporting aspects on behalf of the Client, but at all times at the risk of the Client.

#### **5.6 Policies for investments in associates/ group companies**

The Portfolio Manager will not make any investments in associates / group companies of the Portfolio Manager.

## 6. Risk factors

### A. General Risks Factors

- (1) Investment in Securities, whether on the basis of fundamental or technical analysis or otherwise, is subject to market risks which include price fluctuations, impact cost, basis risk etc.
- (2) The Portfolio Manager does not assure that the objectives of any of the Investment Approach will be achieved and investors are not being offered any guaranteed returns. The investments may not be suitable to all the investors.
- (3) [Past performance of the Portfolio Manager does not indicate the future performance of the same or any other Investment Approach in future or any other future Investment Approach of the Portfolio Manager. [OR] The Portfolio Manager has no previous experience/track record in the field of portfolio management services. However, the Principal Officer, directors and other key management personnel of the Portfolio Manager have rich individual experience.]
- (4) The names of the Investment Approach do not in any manner indicate their prospects or returns.
- (5) Appreciation in any of the Investment Approach can be restricted in the event of a high asset allocation to cash, when stock appreciates. The performance of any Investment Approach may also be affected due to any other asset allocation factors.
- (6) When investments are restricted to a particular or few sector(s) under any Investment Approach; there arises a risk called non-diversification or concentration risk. If the sector(s), for any reason, fails to perform, the Portfolio value will be adversely affected.
- (7) Each Portfolio will be exposed to various risks depending on the investment objective, Investment Approach and the asset allocation. The investment objective, Investment Approach and the asset allocation may differ from Client to Client. However, generally, highly concentrated Portfolios with lesser number of stocks will be more volatile than a Portfolio with a larger number of stocks.
- (8) The values of the Portfolio may be affected by changes in the general market conditions and factors and forces affecting the capital markets, in particular, level of interest rates, various market related factors, trading volumes, settlement periods, transfer procedures, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic and other developments, closure of stock exchanges, etc.
- (9) The Portfolio Manager shall act in fiduciary capacity in relation to the Client's Funds and shall endeavour to mitigate any potential conflict of interest that could arise while dealing in a manner which is not detrimental to the Client.

## **B. Risk associated with equity and equity related instruments**

- (10) Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of equity and equity related instruments may fluctuate due to factors affecting the securities markets such as volume and volatility in the capital markets, interest rates, currency exchange rates, changes in law/policies of the government, taxation laws, political, economic or other developments, which may have an adverse impact on individual Securities, a specific sector or all sectors. Consequently, the value of the Client's Portfolio may be adversely affected.
- (11) Equity and equity related instruments listed on the stock exchange carry lower liquidity risk, however the Portfolio Manager's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended Securities purchases due to settlement problems could cause the Client to miss certain investment opportunities. Similarly, the inability to sell Securities held in the Portfolio may result, at times, in potential losses to the Portfolio, should there be a subsequent decline in the value of Securities held in the Client's Portfolio.
- (12) Risk may also arise due to an inherent nature/risk in the stock markets such as, volatility, market scams, circular trading, price rigging, liquidity changes, de-listing of Securities or market closure, relatively small number of scrip's accounting for a large proportion of trading volume among others.

## **C. Risk associated with debt and money market securities**

- (13) Interest Rate Risk  
Fixed income and money market Securities run interest-rate risk. Generally, when interest rates rise, prices of existing fixed income Securities fall and when interest rate falls, the prices increase. In case of floating rate Securities, an additional risk could arise because of the changes in the spreads of floating rate Securities. With the increase in the spread of floating rate Securities, the price can fall and with decrease in spread of floating rate Securities, the prices can rise.
- (14) Liquidity or Marketability Risk  
The ability of the Portfolio Manager to execute sale/purchase order is dependent on the liquidity or marketability. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. The Securities that are listed on the stock exchange carry lower liquidity risk, but the ability to sell these Securities is limited by the overall trading volumes. Further, different segments of Indian financial markets have different settlement cycles and may be extended significantly by unforeseen circumstances.
- (15) Credit Risk  
Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the

greater the yield required for someone to be compensated for the increased risk.

(16) Reinvestment Risk

This refers to the interest rate risk at which the intermediate cash flows received from the Securities in the Portfolio including maturity proceeds are reinvested. Investments in fixed income Securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the debt security. Consequently, the proceeds may get invested at a lower rate.

**D. Risk associated with derivatives instruments**

(17) The use of derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies.

(18) Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Other risks include settlement risk, risk of mispricing or improper valuation and the inability of the derivative to correlate perfectly with underlying assets, rates and indices, illiquidity risk whereby the Portfolio Manager may not be able to sell or purchase derivative quickly enough at a fair price.

**E. Risk associated with investments in mutual fund schemes**

(19) Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the schemes will be achieved. The various factors which impact the value of the scheme's investments include, but are not limited to, fluctuations in markets, interest rates, prevailing political and economic environment, changes in government policy, tax laws in various countries, liquidity of the underlying instruments, settlement periods, trading volumes, etc.

(20) As with any securities investment, the NAV of the units issued under the schemes can go up or down, depending on the factors and forces affecting the capital markets.

(21) Past performance of the sponsors, asset management company (AMC)/fund does not indicate the future performance of the schemes of the fund.

(22) The Portfolio Manager shall not be responsible for liquidity of the scheme's investments which at times, be restricted by trading volumes and settlement periods. The time taken by the scheme for redemption of units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the schemes.

- (23) The Portfolio Manager shall not responsible, if the AMC/ fund does not comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 or any other circular or acts as amended from time to time. The Portfolio Manager shall also not be liable for any changes in the offer document(s)/scheme information document(s) of the scheme(s), which may vary substantially depending on the market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally.
- (24) The Portfolio Manager shall not be liable for any default, negligence, lapse error or fraud on the part of the AMC/the fund.
- (25) While it would be the endeavor of the Portfolio Manager to invest in the schemes in a manner, which will seek to maximize returns, the performance of the underlying schemes may vary which may lead to the returns of this portfolio being adversely impacted.
- (26) The scheme specific risk factors of each of the underlying schemes become applicable where the Portfolio Manager invests in any underlying scheme. Investors who intend to invest in this portfolio are required to and are deemed to have read and understood the risk factors of the underlying schemes.

**F. Risk arising out of non-diversification**

- (27) The investment according to investment objective of a Portfolio may result in concentration of investments in a specific security / sector/ issuer, which may expose the Portfolio to risk arising out of non-diversification. Further, the portfolio with investment objective to invest in a specific sector / industry would be exposed to risk associated with such sector / industry and its performance will be dependent on performance of such sector / industry. Similarly, the portfolios with investment objective to have larger exposure to certain market capitalization buckets, would be exposed to risk associated with underperformance of those relevant market capitalization buckets. Moreover, from the style orientation perspective, concentrated exposure to value or growth stocks based on the requirement of the mandate/strategy may also result in risk associated with this factor.

**G. Risks arising out of investment in Associate and Related Party transactions**

- (28) All transactions of purchase and sale of securities by portfolio manager and its employees who are directly involved in investment operations shall be disclosed if found having conflict of interest with the transactions in any of the client's portfolio.
- (29) The Portfolio Manager may utilize the services of its group companies or associates for managing the portfolios of the client. In such scenarios, the Portfolio Manager shall endeavor to mitigate any potential conflict of interest that could arise while dealing with such group companies/associates by ensuring that such dealings are at arm's length basis.

- (30) The Portfolios may invest in its Associates/ Related Parties relating to portfolio management services and thus conflict of interest may arise while investing in securities of the Associates/Related Parties of the Portfolio Manager. Portfolio Manager shall ensure that such transactions shall be purely on arms' length basis and to the extent and limits permitted under the Regulations. Accordingly, all market risk and investment risk as applicable to securities may also be applicable while investing in securities of the Associates/Related Parties of the Portfolio Manager.

## 7. Nature of expenses

The following are indicative types of expenses. The exact basis of charge relating to each of the following services shall be annexed to the Portfolio Management Services Agreement which will be entered into between the Portfolio Manager and the Client, and the agreements in respect of each of the services availed at the time of execution of such agreements. The Portfolio Manager typically offers the following fee options to its clients.

1) Performance Fee: The fee charged by Fortuna Asset Managers LLP comes with a certain underlying philosophy. In the event we have not added value to the client, we don't deserve to get paid. Therefore, performance fee of any form is applicable if and only if the overall portfolio return to client is above a hurdle rate of return, which we have defined as 10% for the purposes of simplicity for "Performance Fee option". There is a performance fee of upto 20% p.a. of the return over and above the hurdle rate, without catch up. Return based fees shall be calculated on "High Water Mark Principle", charged on Client's daily average AUM, and invoiced quarterly.

2) Fixed Fee: There is a fixed annual fee of a maximum of 1.75% per annum on average Asset under management, charged on Client's daily average AUM, and invoiced on a monthly basis.

3) Other Expenses as detailed below: As may be applicable not exceeding 0.50% p.a. of the Client's average daily AUM.

a. Custodian and Fund Accounting Charges. On Actuals. This is usually 0.05% per annum, calculated at the Client's average daily AUM.

b. Depository Fees - The charges pertaining to opening and operation of dematerialized accounts, transfer charges for shares, bonds and units, dematerialisation, rematerialisation and other charges in connection with the operation and management of the Depository Accounts.

c. Registrar and Transfer Agent Fee - Charges payable to registrar and transfer agents in connection with effecting transfer of Securities, including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges, etc.

d. Brokerage of individual transaction value.

e. Other Transaction costs - like service tax/Goods and Service Tax (GST), securities transaction tax, stamp duty, transaction costs, turnover tax, exit and entry loads on the purchase and sale of shares, stocks, bonds, debt, deposits, units and other financial instruments.

f. Certification and Professional Charges - Charges payable for outsourced professional services like accounting, taxation and legal services, notarization, etc. for certification, attestation required by bankers, intermediaries and regulatory authorities.

g. Other charges: As may be mutually agreed between client and Portfolio Manager.

h. Incidental Expenses: Digital account opening charges, courier / postage charges, stamp duty, service tax, opening and operation of bank accounts, etc.

The Portfolio Manager will not charge any markup on “other expenses” and these will be a complete pass through. Moreover, the Portfolio Manager will endeavor to keep the costs bare minimum for the benefit of its clients.

### Indicative Nature of Expenses for Clients

<b>Investment Management Fee (subject to the decision of the Portfolio Manager to reduce or waive such fee(s) as may be agreed between the Portfolio Manager and the Client</b>	
<b>FORTUNA ONE: LONG TERM CAPITAL COMPOUNDING APPROACH DISCRETIONARY PMS STRATEGY</b>	
<b>1. Performance Fee</b>	Up to 20% of portfolio return delivered above Hurdle rate as per Agreement with Client, without catch up, basis High Watermark* Principle, charged either quarterly or half-yearly as per Agreement with each client
<b>2. Fixed Fee</b>	Up to 2.00% on average daily AUM, charged monthly
<b>3. Exit Loads (if redeemed in part or full)</b>	
(a) In the first year from the date of investment	Upto 3% of the amount redeemed
(b) In the second year from the date of investment	Upto 2% of the amount redeemed
(c) In the third year from the date of investment	Upto 1% of the amount redeemed
(d) After three years from the date of investment	No exit load
<b>FORTUNA TWO: INFLATION PROTECT APPROACH DISCRETIONARY PMS STRATEGY</b>	
<b>1. Performance Fee</b>	None
<b>2. Fixed Fee</b>	Up to 0.40% on average daily AUM, charged monthly
<b>3. Exit Loads (if redeemed in part or full)</b>	
(a) In the first year from the date of investment	Up to 0.40% of the amount redeemed
(b) In the second year from the date of investment	No exit load
(c) In the third year from the date of investment	No exit load
(d) After three years from the date of investment	No exit load
<b>FORTUNA NON-DISCRETIONARY PMS (NDPMS) STRATEGY</b>	
<b>1. Performance Fee</b>	Up to 20% of portfolio return delivered

	above Hurdle rate as per Agreement with Client, without catch up, basis High Watermark* Principle, charged either quarterly or half-yearly as per Agreement with each client
<b>2. Fixed Fee</b>	Up to 2.00% on average daily AUM, charged monthly
<b>3. Exit Loads (if redeemed in part or full)</b>	<b>No exit load</b>

<b>OTHER COSTS APPLICABLE TO ALL STRATEGIES</b>	
<b>Brokerage and Transaction Costs (STT, exchange fee, other charges)</b>	On actuals
<b>Custody, Fund Accounting Expenses</b>	On Actuals Estimated 0.05% per annum, on daily average AUM
<b>Stamp Paper, Digital Account Opening Expenses</b>	On Actuals Estimated Rs. 1,000 one time at the time of Account Opening
<b>Benchmarking Fee (for Performance Reporting against Benchmarks, as required by SEBI)</b>	Rs. 1200 per annum
<b>Other Fee (Incidentals, Courier, SEBI Audit Fee for Client Performance Audit, Demat Account maintenance fee, any Other Charges)</b>	On Actuals Estimated Rs. 1,200 per annum

- 1) Custodians and Depository Participants:
  - ICICI Bank Limited
  
- 2) Share Brokers:
  - Nuvama Wealth and Investment (Formerly Edelweiss Broking).
  - Phillip Capital
  - Emkay Global
  - BondBazaar Securities
  - INR Bonds
  - JM Financial Services Ltd
  
- 3) Bankers:
  - HDFC Bank Limited
  - Equitas Small Finance Bank Limited
  - ICICI Bank Limited

The Portfolio Manager may empanel additional service providers as and when the need arises.

## 8. Taxation

### A. General

The following information is based on the tax laws in force in India as of the date of this Disclosure Document and reflects the Portfolio Manager's understanding of applicable provisions. The tax implications for each Client may vary significantly based on residential status and individual circumstances. As the information provided is generic in nature, Clients are advised to seek guidance from their own tax advisors or consultants regarding the tax treatment of their income, losses, and expenses related to investments in the portfolio management services. The Client is responsible for meeting advance tax obligations as per applicable laws.

### B. Tax deducted at source

In the case of resident clients, the income arising by way of dividend, interest on securities, income from units of mutual fund, etc. from investments made in India are subject to the provisions of tax deduction at source (TDS). Residents without Permanent Account Number (PAN) are subjected to a higher rate of TDS.

In the case of non-residents, any income received or accrues or arises; or deemed to be received or accrue or arise to him in India is subject to the provisions of tax deduction at source under the IT Act. The authorized dealer is obliged and responsible to make sure that all such relevant compliances are made while making any payment or remittances from India to such non-residents. Also, if any tax is required to be withheld on account of any future legislation, the Portfolio Manager shall be obliged to act in accordance with the regulatory requirements in this regard. Non-residents without PAN or tax residency certificate (TRC) of the country of his residence are currently subjected to a higher rate of TDS.

The Finance Act, 2021 introduced a special provision to levy higher rate for TDS for the residents who are not filing income-tax return in time for previous two years and aggregate of TDS is INR 50,000 or more in each of these two previous years. This provision of higher TDS is not applicable to a non-resident who does not have a permanent establishment in India and to a resident who is not required to furnish the return of income.

### C. Long term capital gains

Where investment under portfolio management services is treated as investment, the gain or loss from transfer of Securities shall be taxed as capital gains under section 45 of the IT Act.

## Period of Holding

The details of period of holding for different capital assets for the purpose of determining long term or short term capital gains are explained hereunder:

Securities	Position upto 22 July 2024 Period of Holding	Position on or after 23 July 2024 Period of Holding	Characterization
Listed Securities (other than unit) and unit of equity oriented mutual funds, unit of UTI, zero coupon bonds	More than twelve months	More than twelve months	Long-term capital asset
	Twelve (12) months or less	Twelve (12) months or less	Short-term capital asset
Unlisted shares of a company	More than twenty-four (24) months	More than twenty-four (24) Months	Long-term capital asset
	Twenty-four (24) or less	Twenty-four (24) or less	Short-term capital asset
Other Securities (other than Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023; or unlisted bond or unlisted debenture)	More than Thirty-six (36) months	More than twenty-four (24) months	Long-term capital asset
	Thirty-six (36) months or less	Twenty-four (24) or less	Short-term capital asset
Specified Mutual Fund or Market Linked Debenture acquired on or after 1 April 2023	Any period	Any period	Short-term capital asset
Unlisted bond or unlisted debenture	More than 36 months		Long-term capital asset
	36 months or less	Any period	Short-term capital asset

- **Definition of Specified Mutual Fund:**

Before 1st April 2025:

**“Specified Mutual Fund”** means a Mutual Fund by whatever name called, where not more than thirty-five per cent of its total proceeds is invested in the equity shares of domestic companies.

On and after 1st April 2025:

**“Specified Mutual Fund”** means, —

- a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments; or
- a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund

referred to in sub-clause (a).

- **Definition of debt and money market instruments:**

*“debt and money market instruments” shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.*

- **Definition of Market Linked Debenture:**

*“Market Linked Debenture” means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by SEBI.*

- **For listed equity shares in a domestic company or units of equity oriented fund or business trust**

The Finance Act 2018 changed the method of taxation of long-term capital gains from transfer of listed equity shares and units of equity oriented fund or business trust.

As per section 112A of the IT Act, long term capital gains exceeding INR 1 lakh arising on transfer of listed equity shares in a company or units of equity oriented fund or units of a business trust is taxable at 10% , provided such transfer is chargeable to STT. This exemption limit has been increased from INR 1 lakh to INR 1.25 lakh and tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition of listed equity shares, unless the listed equity shares have been acquired through any of the notified modes not requiring to fulfil the pre-condition of chargeability to STT.

Long term capital gains arising on transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and consideration is paid or payable in foreign currency, where STT is not chargeable, is also taxed at a rate of 10%. This benefit is available to all assessees. This tax rate is increased from 10% to 12.5%.

The long term capital gains arising from the transfer of such Securities shall be calculated without indexation. In computing long term capital gains, the cost of acquisition (COA) is an item of deduction from the sale consideration of the shares. To provide relief on gains already accrued upto 31 January 2018, a mechanism has been provided to “step up” the COA of Securities. Under this mechanism, COA is substituted with FMV, where sale consideration is higher than the FMV. Where sale value is higher than the COA but not higher than the FMV, the sale value is deemed as the COA.

Specifically in case of long term capital gains arising on sale of shares or units acquired originally as unlisted shares/units upto 31 January 2018, COA is substituted with the “indexed COA” (instead of FMV) where sale consideration is higher than the indexed COA. Where sale value is higher than the COA but not higher than the indexed COA, the sale value is deemed as the COA. This benefit is available only in the case where the shares or units, not listed on a recognised stock exchange as on the 31 January 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on

the 31 January 2018 by way of transaction not regarded as transfer under section 47 (e.g. amalgamation, demerger), but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer.

The CBDT has clarified that 10% withholding tax will be applicable only on dividend income distributed by mutual funds and not on gain arising out of redemption of units.

No deduction under Chapter VI-A or rebated under Section 87A will be allowed from the above long term capital gains.

- **For other capital assets (securities and units) in the hands of resident of India**

Long-term capital gains in respect of capital asset (all securities and units other than listed shares and units of equity oriented mutual funds and business trust) is chargeable to tax at the rate of 20% plus applicable surcharge and education cess, as applicable. The capital gains are computed after taking into account cost of acquisition as adjusted by cost inflation index notified by the Central Government and expenditure incurred wholly and exclusively in connection with such transfer. This tax rate is reduced from 20% to 12.5%; but no indexation benefit will be available with effect from 23 July 2024.

As per Finance Act, 2017, the base year for indexation purpose has been shifted from 1981 to 2001 to calculate the cost of acquisition or to take Fair Market Value of the asset as on that date. Further, it provides that cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as Fair Market Value as on 1 April 2001.

- **For capital assets in the hands of Foreign Portfolio Investors (FPIs)**

Long term capital gains, arising on sale of debt Securities, debt oriented units (other than units purchased in foreign currency and capital gains arising from transfer of such units by offshore funds referred to in section 115AB) are taxable at the rate of 10% under Section 115AD of the IT Act. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024. Such gains would be calculated without considering benefit of (i) indexation for the COA and (ii) determination for capital gain/loss in foreign currency and reconversion of such gain/loss into the Indian currency.

Long term capital gains, arising on sale of listed shares in the company or units of equity oriented funds or units of business trust and subject to conditions relating to payment of STT, are taxable at 10% as mentioned in para 12.10.2 above. This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

- **For other capital asset in the hands of non-resident Indians**

Under section 115E of the IT Act, any income from investment or income from long-term capital gains of an asset other than specified asset as defined in Section 115C (specified assets include shares of Indian company, debentures and deposits in an Indian company which is not a private company and Securities issued by Central Government or such other Securities as notified by Central Government) is chargeable at the rate of 20%. Income by way long-term capital gains of the specified asset is, however, chargeable at the rate of 10%

plus applicable surcharge and cess (without benefit of indexation and foreign currency fluctuation). This tax rate has been increased from 10% to 12.5% with effect from 23 July 2024.

#### **D. Short term capital gains**

Section 111A of the IT Act provides that short-term capital gains arising on sale of listed equity shares of a company or units of equity oriented fund or units of a business trust are chargeable to income tax at a concessional rate of 15% plus applicable surcharge and cess, provided such transactions are entered on a recognized stock exchange and are chargeable to Securities Transaction Tax (STT). This tax rate has been increased from 15% to 20% with effect from 23 July 2024. However, the above shall not be applicable to transaction undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency. Further, Section 48 provides that no deduction shall be allowed in respect of STT paid for the purpose of computing Capital Gains.

Short term capital gains in respect of other capital assets (other than listed equity shares of a company or units of equity oriented fund or units of a business trust) are chargeable to tax as per the relevant slab rates or fixed rate, as the case may be.

The Specified Mutual Funds or Market Linked Debentures acquired on or after 1 April 2023 will be treated as short term capital asset irrespective of period of holding as per Section 50AA of the IT Act. The unlisted bonds and unlisted debentures have been brought within the ambit of Section 50AA of the IT Act with effect from 23 July 2024.

#### **E. Profits and gains of business or profession**

If the Securities under the portfolio management services are regarded as business/trading asset, then any gain/loss arising from sale of such Securities would be taxed under the head "Profits and Gains of Business or Profession" under section 28 of the IT Act. The gain/ loss is to be computed under the head "Profits and Gains of Business or Profession" after allowing normal business expenses (inclusive of the expenses incurred on transfer) according to the provisions of the IT Act.

Interest income arising on Securities could be characterized as 'Income from other sources' or 'business income' depending on facts of the case. Any expenses incurred to earn such interest income should be available as deduction, subject to the provisions of the IT Act.

#### **F. Losses under the head capital gains/business income**

In terms of section 70 read with section 74 of the IT Act, short term capital loss arising during a year can be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during the subsequent 8 assessment years. A long-term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during the subsequent 8 assessment years.

Business loss is allowed to be carried forward for 8 assessment years and the same can be set off against any business income.

## **G. General Anti Avoidance Rules (GAAR)**

GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (four) below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- It results in directly / indirectly misuse or abuse of the IT Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into, or carried out, by means, or in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterize or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situation of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Recharacterising equity into debt, capital into revenue, etc.

The GAAR provisions would override the provisions of a treaty in cases where GAAR is invoked. The necessary procedures for application of GAAR and conditions under which it should not apply, have been enumerated in Rules 10U to 10UC of the Income-tax Rules, 1962. The Income- tax Rules, 1962 provide that GAAR should not be invoked unless the tax benefit in the relevant year does not exceed INR 3 crores.

On 27 January 2017, the CBDT has issued clarifications on implementation of GAAR provisions in response to various queries received from the stakeholders and industry associations. Some of the important clarifications issued are as under:

- Where tax avoidance is sufficiently addressed by the Limitation of Benefit Clause (LOB) in a tax treaty, GAAR should not be invoked.
- GAAR should not be invoked merely on the ground that the entity is located in a tax efficient jurisdiction.
- GAAR is with respect to an arrangement or part of the arrangement and limit of INR 3 crores cannot be read in respect of a single taxpayer only.

## **H. FATCA Guidelines**

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), foreign financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form 61B for every calendar

year by 31 May. The reporting financial institution is expected to maintain and report the following information with respect to each reportable account:

- (a) the name, address, taxpayer identification number and date and place of birth;
- (b) where an entity has one or more controlling persons that are reportable persons:
  - (i) the name and address of the entity, TIN assigned to the entity by the country of its residence; and
  - (ii) the name, address, date of birth, place of birth of each such controlling person and TIN assigned to such controlling person by the country of his residence.
- (c) account number (or functional equivalent in the absence of an account number);
- (d) account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year; and
- (e) the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year.

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts (i.e. under CRS).

#### **I. Goods and Services Tax on services provided by the portfolio manager**

Goods and Services Tax (GST) will be applicable on services provided by the Portfolio Manager to its Clients. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards portfolio management fee.

### **9. Accounting policies**

Following accounting policies are followed for the portfolio investments of the Client:

#### **A. Client Accounting**

- (1) The Portfolio Manager shall maintain a separate Portfolio record in the name of the Client in its book for accounting the assets of the Client and any receipt, income in connection therewith as provided under Regulations. Proper books of accounts, records, and documents shall be maintained to explain transactions and disclose the financial position of the Client's Portfolio at any time.
- (2) The books of account of the Client shall be maintained on an historical cost basis.
- (3) Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a Financial Year are recorded and reflected in the financial statements for that year.
- (4) All expenses will be accounted on due or payment basis, whichever is earlier.
- (5) The cost of investments acquired or purchased shall include brokerage, stamp charges and any charges customarily included in the broker's contract note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment. Sales are accounted based on proceeds net of brokerage, stamp duty, transaction

charges and exit loads in case of units of mutual fund. Securities transaction tax, demat charges and Custodian fees on purchase/ sale transaction would be accounted as expense on receipt of bills. Transaction fees on unsettled trades are accounted for as and when debited by the Custodian.

- (6) Tax deducted at source (TDS) shall be considered as withdrawal of portfolio and debited accordingly.

**B. Recognition of portfolio investments and accrual of income**

- (7) In determining the holding cost of investments and the gains or loss on sale of investments, the “first in first out” (FIFO) method will be followed.
- (8) Unrealized gains/losses are the differences, between the current market value/NAV and the historical cost of the Securities. For derivatives and futures and options, unrealized gains and losses will be calculated by marking to market the open positions.
- (9) Dividend on equity shares and interest on debt instruments shall be accounted on accrual basis. Further, mutual fund dividend shall be accounted on receipt basis.
- (10) Bonus shares/units to which the security/scrip in the portfolio becomes entitled will be recognized only when the original share/scrip on which bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis.
- (11) Similarly, right entitlements will be recognized only when the original shares/security on which the right entitlement accrues is traded on the stock exchange on the ex-right basis.
- (12) In respect of all interest-bearing Securities, income shall be accrued on a day-to-day basis as it is earned.
- (13) Where investment transactions take place outside the stock exchange, for example, acquisitions through private placement or purchases or sales through private treaty, the transactions shall be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

**C. Valuation of portfolio investments**

- (14) Investments in listed equity shall be valued at the last quoted closing price on the stock exchange. When the Securities are traded on more than one recognised stock exchange, the Securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. It would be left to the portfolio manager to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should, however, be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded. When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange may be used. When a

security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to the valuation date.

- (15) Investments in units of a mutual fund are valued at NAV of the relevant scheme. Provided investments in mutual funds shall be through direct plans only.
- (16) Debt Securities and money market Securities shall be valued as per the prices given by third party valuation agencies or in accordance with guidelines prescribed by Association of Portfolio Managers in India (APMI) from time to time.
- (17) Unlisted equities are valued at prices provided by independent valuer appointed by the Portfolio Manager basis the International Private Equity and Venture Capital Valuation (IPEV) Guidelines on a semi-annual basis.
- (18) In case of any other Securities, the same are valued as per the standard valuation norms applicable to the mutual funds.

The Investor may contact the customer services official of the Portfolio Manager for the purpose of clarifying or elaborating on any of the above policy issues.

The Portfolio Manager may change the valuation policy for any particular type of security consequent to any regulatory changes or change in the market practice followed for valuation of similar Securities. However, such changes would be in conformity with the Regulations.

## 10. Investors services

- (i) Name, address and telephone number of the Investor Relation Officer who shall attend to the investor queries and complaints.

Name of Person to Contact	Mr. Rahul Patel
Designation	Compliance Officer/ Investor Relation Officer
Address	Cowrks, WorldMark 1, Tower A, Aerocity, New Delhi – 110037, India.
Phone No	+91 80974 31580
E-mail:	<a href="mailto:info@Fortunaasset.in">info@Fortunaasset.in</a>

- (ii) Grievance redressal and dispute settlement mechanism.

### **Investor Grievance Redressal – Escalation Matrix**

1. For Investor queries: [rahul.patel@fortunaasset.in](mailto:rahul.patel@fortunaasset.in)
2. For Investor grievances: [info@fortunaasset.in](mailto:info@fortunaasset.in)
3. SCORES Link: <https://scores.sebi.gov.in/>
4. SMART Online Dispute Resolution (ODR) Portal Link: <https://smartodr.in/login>

## **11. Details of the diversification policy of the portfolio manager**

- 1) Investment in any Security to be made after due thought and consideration of risk-reward.
- 2) The factors determining potential gain in the Security, and the factors likely to pose risk to the investment thesis to be thought through and discussed in the team.
- 3) While this is the base level of work needed before an investment, additional care must be made to ensure the portfolio is diversified, with the following safeguards:
  - i) As the weight of a Security exceeds a threshold of 20% in the core equity strategy, a review must be made by the Principal Officer to understand con-centration risk, and if the portfolio weight must be reduced adequately.
  - ii) Exceptions may be required, depending on the strength of a case, liquidity and other considerations, but care must be taken to ensure concentration risk is discussed and thought through.
  - iii) Similarly, the Principal Officer to review if a sector concentration is exceeding a reasonable level. It may sometimes happen that due to gains in a sector or a theme, temporarily, the portfolio may show high percentage weightage. The Principal Officer to review and analyze if this risk is acceptable in certain cas-es, or, if weightage to a sector must be reduced to acceptable levels.

## Part-II- Dynamic Section

### 12. Client Representation

#### (i) Client Representation as on 31<sup>st</sup> January 2026

Category of clients	No. of clients	Funds managed (Rs. In Crores.)	Discretionary/ Non-Discretionary
Associates/Group Companies	0	0	Discretionary
Associates/Group Companies	0	0	Non - Discretionary
Others	58	65.97	Discretionary
Others	4	17.31	Non - Discretionary
<b>Total as on 31st Jan 2026</b>	<b>62</b>	<b>83.28</b>	
Associates/Group Companies	4	12.65	Discretionary
Others	37	25.67	Discretionary
Others	3	9.07	Non - Discretionary
<b>Total as on 31st March 2025</b>	<b>44</b>	<b>47.39</b>	
Associates/Group Companies	3	10.88	Discretionary
Associates/Group Companies	1	13.62	Non - Discretionary
Others	7	3.74	Discretionary
Others	1	4.41	Non - Discretionary
<b>Total as on 31st March 2024</b>	<b>12</b>	<b>32.65</b>	

(ii) Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India.

**Please note: The Portfolio Manager has not undertaken any transaction with its related entities.**

### 13. Financial Performance

The Financial Performance of the portfolio manager is based on audited financial statements and in terms of procedure specified by the Board for assessing the performance.

#### Financial performance of the last Three Financial Years (In Indian Rupees).

Particulars	Financial Year 2022 – 2023	Financial Year 2023-2024	Financial Year 2024-2025
Profit / (Loss) Before Depreciation & Taxation	1,73,891	49,53,086	1,43,69,141
Net Profit / (Loss) after Depreciation & Taxation	1,01,703	34,73,843	1,09,27,817
Shareholder's Funds	5,11,29,650	5,51,06,622	6,61,49,204
Share Capital	5,10,27,947	5,15,31,076	5,16,45,841
Reserves & Surplus	1,01,703	35,75,546	1,45,03,363

#### 14. Performance of Portfolio Manager

The Performance indicators are calculated using 'Time Weighted Rate of Return' method in terms of Regulation 22 of the SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time.

Portfolio Management performance of the portfolio manager for the last three years.

##### A. Discretionary Portfolio Management Services (DPMS)

Investment Approach/ Benchmark	Performance % As on 31 Jan 2026 (1 Month)	Performance % (Last 1 Year)	Performance % (Last 2 years)	Performance % (Last 3 Years)
Fortuna One: Long term Capital Compounding Approach.	-3.65	14.65	20.54	NA*
S&P BSE 500 TRI	-3.34	7.74	8.72	NA*
Fortuna Two: Inflation Protect Approach	0.30	8.64	8.72	NA*
CRISIL Composite Bond Fund Index	-0.13	5.95	7.34	NA*

##### B. Non- Discretionary Portfolio Management Services (NDPMS)

Investment Approach/ Benchmark	Performance % As on 31 Jan 2026 (1 Month)	Performance % (Last 1 Year)	Performance % (Last 2 years)	Performance % (Last 3 Years)
Fortuna Non- Discretionary PMS (NDPMS)	-2.56	4.77	2.86	NA*

Please Note\* - The Portfolio Manager started its operation from 04<sup>th</sup> July 2023.

**15. Audit Observations**

No material audit observation received in the preceding 3 years audit reports.

**16. Details of investments in the securities of related parties of the portfolio manager**

Not Applicable - No investment has been made in any of the disclosed related parties of the portfolio manager.

For Fortuna Asset Managers LLP

  
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Mr. Gurvinder Singh Juneja

Ms. Jasmeen Kaur

Principal Officer/Designated Partner

Designated Partner

Date: 08<sup>th</sup> February 2026

Place: New Delhi

FORM C

**SECURITIES AND EXCHANGE BOARD OF INDIA (PORTFOLIO MANAGERS) REGULATIONS 2020**



**REGULATION 22**

We confirm that:

1. The Disclosure Document forwarded to the Board is in accordance with the SEBI (Portfolio Managers) Regulations 2020 and the guidelines and directives issued by the Board from time to time;
2. The disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision regarding entrusting the management of the portfolio to us / invest in the portfolio management services;
3. The Disclosure Document has been duly certified by an independent chartered accountant as per attached certificate.

Enclosed is a copy of the chartered accountant's certificate to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well-informed decision.

For Fortuna Asset Managers LLP



Gurvinder Singh Juneja  
Principal Officer

[gurvinder.juneja@fortunaasset.in](mailto:gurvinder.juneja@fortunaasset.in)

Date: 08th February 2026

Place: New Delhi