

Dear Partner,

I hope this message finds you well. As we reflect on the first three months of the year, I want to begin by thanking you sincerely for entrusting us with your capital. This letter aims to provide clarity on our philosophy, progress, and path forward—while reinforcing the principles that unite us as long-term partners.

The Purpose of this Letter:

These communications are designed to do far more than review quarterly results. Our primary goal is to articulate the why and how behind our decisions, ensuring you understand the process driving your capital's stewardship. Markets are irrational in the short term, swayed by sentiment rather than sense. Over years, however, they inevitably align with business fundamentals. By focusing on intrinsic value and disciplined selection, we aim to compound wealth patiently—not chase fleeting wins.

Our commitment to transparency stems from a straightforward principle: We treat your capital as we would our own and communicate with the transparency that we will expect if our roles were reversed.

Before we begin, a brief note on logistics: You'll receive quarterly updates outlining portfolio adjustments and market context, followed by a comprehensive annual report each December. We avoid frequent performance updates intentionally—daily or weekly reports often distract from disciplined execution. That said, we're always available by phone or email for direct inquiries.

Contents:

1. Core Principles of our fund
2. Performance Snapshot: Three Months In (January to March 2025)
3. Portfolio Metrics: By the Numbers
4. Decision Framework: How We Allocate Capital
5. Case Study on one of our holdings
6. Topics for future deep dives

Core Principles of our fund

We do not—and cannot—guarantee returns. Markets are inherently uncertain. What we can pledge is unwavering adherence to these principles:

Value Over Hype

We invest in businesses priced below intrinsic worth, not fleeting trends or Wall Street darlings.

Capital Preservation as Priority #1

We obsess over minimizing permanent loss risk. Volatility is noise; capital erosion is the enemy.

Skin in the Game

My family's entire net worth is invested alongside yours. Our incentives are indivisible.

No Market Oracles Here

We focus on individual opportunities, not macroeconomic divination. We are not in the business of predicting the direction of the general stock market. If you think I can do this, or think it is essential to an investment program, you should not be invested in this fund

Transparency in Reporting

Performance figures reflect gross unrealized gains/losses (market value at period-end compared to the start of the period). Taxable outcomes may differ materially.

Performance Snapshot: Three Months In (January to March 2025)

Period	Future Fortune Capital Results	Compounded Returns
2022	16%	16%
2023	27%	43%
2024	47%	90%
2025 Q1 (January to March)	5.2%	95%

2025 Q1 numbers are as of 17th March, 2025. The 2023 and 2024 results have been audited by an independent third party, 2025 numbers are under the current investment fund structure. These returns are gross and do not reflect the performance-based fee (35% on returns above 5%). The fund did not invest in cryptocurrencies, utilize leverage, or employ excessive derivatives. Above results are historical and should not be interpreted as indicative of future performance

To contextualize 2025 Q1 numbers:

Short-Term Caution: While early results are encouraging, we emphasize that three months is immaterial in the context of our 7–10 year horizon. A single quarter is akin to judging a marathon by its first mile—informative, but far from definitive.

On Benchmarks:

Our stance on assessing performance relative to benchmarks is deliberately unresolved—not out of uncertainty, but out of respect for the complexity of the question. Here's where we stand:

The “Index” Question: While traditional benchmarks (e.g., S&P 500) offer a shorthand for market health, they are flawed proxies for our strategy. We invest globally, agnostic to geography or sector, and prioritize absolute returns over relative ones.

Our True Benchmark: Over a 7–10 year cycle, our objective is to compound capital at a rate that meaningfully outpaces inflation and broad equity indices. If we fail to achieve this, we will candidly recommend reallocating your capital elsewhere.

S&P 500 Comparison: For the curious, the S&P 500 returned -3.8% over the same period. While we acknowledge this relative outperformance, we would not celebrate it. Our philosophy remains unchanged even in scenarios where our short-term results would lag (e.g., -5% or -10%). Why? Because our focus is on durable outperformance over an entire business cycle, not tactical wins in arbitrary intervals.

Our strategy of buying undervalued, high-quality businesses and holding them for years will not produce smooth, predictable returns. Some years will underwhelm; others will excel. This is not a flaw, but a feature. Compounding capital demands tolerance for uneven rhythms.

Another important point - Market volatility is often mislabeled as “risk.” In reality, it is the oxygen of our strategy. When prices swing wildly—divorced from intrinsic value—they reflect the fleeting emotions of the market, not business fundamentals. These dislocations are opportunities in disguise:

Downturns: Allow us to acquire exceptional companies at discounted prices.

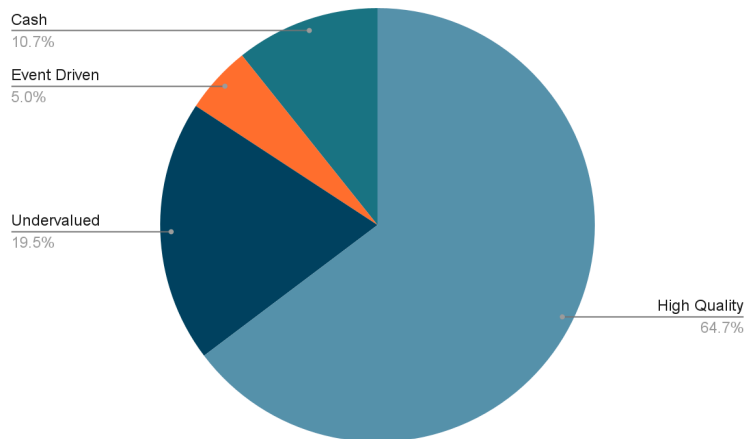
Manias: Let us trim overvalued holdings, recycling capital into better opportunities.

We treat stocks as ownership stakes in businesses, not lottery tickets.

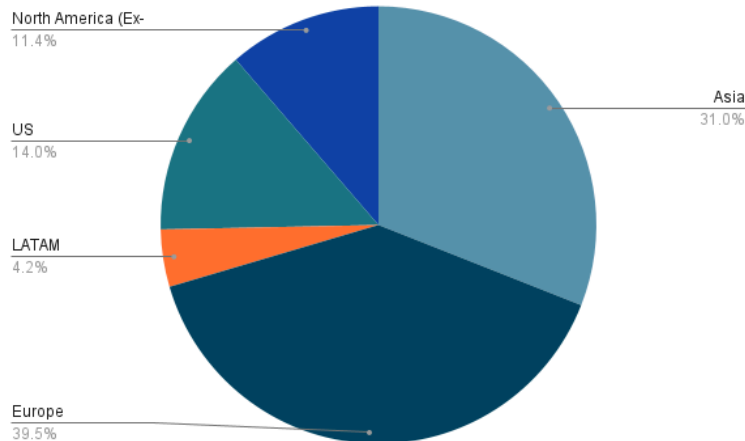
So patience – ours AND that of yours – becomes the keystone for success.

3. Portfolio Metrics: By the Numbers

1. Current allocation based on our categorization. Explanations follow in the subsequent sections.



2. Allocation based on the geography



Note: Cash reserves allocated for future opportunities are not reflected in this chart. Our global investment mandate stems from a simple truth: Exceptional businesses trading at compelling valuations exist in every corner of the world—no single geography holds a monopoly on value.

4. Decision Framework: How We Allocate Capital

We allocate capital across three distinct strategies, each tailored to exploit specific market inefficiencies:

1. High Quality Compounders - The Engines of Durable Growth (*Businesses built to thrive across decades*)
2. Undervalued Businesses - Margin of Safety in Plain Sight (*Where price and value diverge meaningfully*)
3. Event Driven Situations - Catalysts Meet Mispricing (*Situations where complexity creates bargains*)

Category 1:

High quality compounders (The Bedrock of our portfolio)

We define "quality" through five non-negotiable criteria:

1. Understandable business model
2. Dominant Market position in an industry that has a long runway for growth
3. Enduring competitive advantage
4. Favorable unit economics
5. Competent management that is aligned with the interest of Shareholders

Even elite businesses become bad investments if overpaid for. We wait for prices that embed a margin of safety.

I can go at length elaborating each one, but I think a case study on one of our current positions can drive the clarity better.

Evolution Ab (EVO) Case study:

1. Understandable business model

EVO is a Sweden based online Business-to-Business (B2B) casino supplier. The company develops, produces, markets and licenses fully integrated Live Casino solutions to gaming operators. In Live Casino, a game presenter (i.e., dealer) runs the game from a casino gaming table that is followed in real time via a video stream. End users (i.e., the players) make betting decisions on their devices (computers, smartphones, tablets, etc.).

EVO provides the picks and shovels to the operators! As Peter Lynch said, "During the Gold Rush, most would-be miners lost money, but people who sold them picks, shovels, tents, and blue-jeans made a nice profit." EVO provides all aspects required by a gaming operator, from the recruitment and training of game presenters and other staff to streaming, production, supervision, customer services, and follow-up. These games are hosted by EVO on the customers' (iGaming operators') sites. Operators are offered a fully customized white-label solution. The company has a broad portfolio of core games including both classic

table games and new innovative casino games (e.g., from Live Roulette and Blackjack, to “Dreamcatcher”, “Crazy Time”, “Marble race”). The company operates studios from across the world.

The majority of EVO’s revenues consist of commission fees for both live and RNG (Random Number Generator). Commission is calculated as a percentage of the operators’ winnings (Gambler’s losses) generated via the company’s casino offering.

There are more nuances to the revenue model based on the level of customization and others, however, this captures the basic summary of the business.



2. Does it have a dominant market position in an industry with a long runway for growth?

To grasp Evolution’s (EVO) dominance, consider the broader gambling landscape:

Industry Shift: Land-Based to Digital

Traditional Gambling: For decades, casinos meant flashing lights, free cocktails, and crowded poker tables in Vegas or Macau.

The Digital Tipping Point: Online gambling is growing at ~15% annually (vs. 1-2% for land-based), fueled by:

Accessibility: Play from your couch, no travel required.

Demographics: Younger generations prefer digital-first experiences.

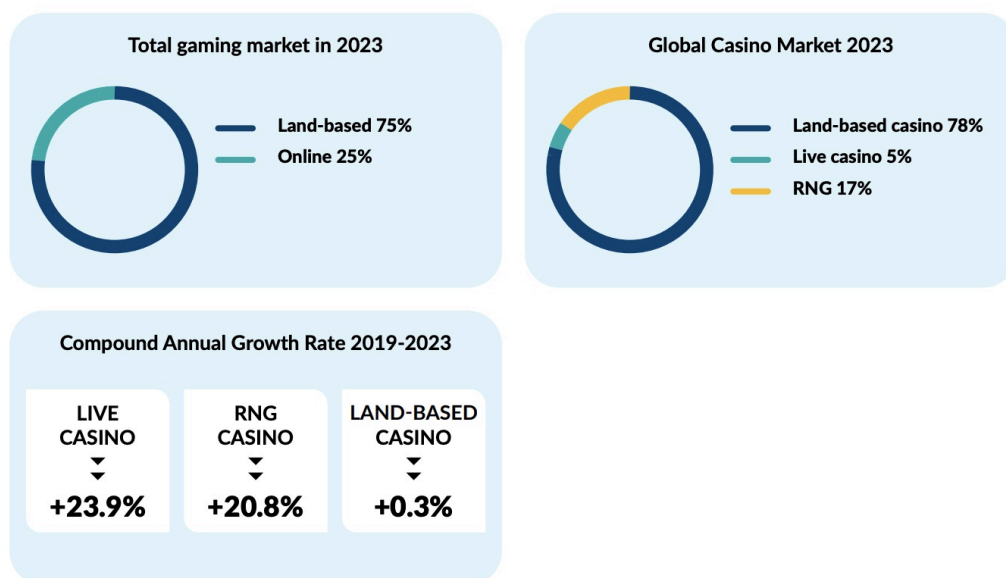
COVID Accelerant: Lockdowns normalized online betting (e.g., U.S. online casino revenue surged +315% from 2019–2023).

Land-based still dominates total gambling revenue (~70%), but online is the undisputed growth engine.

EVO's Commanding Lead

Live Casino Segment: EVO holds 60-70% market share—a near-monopoly.

RNG Segment (Slots, Digital Games): Historically a laggard (~10% share), but recent acquisitions (NetEnt, Big Time Gaming) have catapulted EVO to #3 globally, with plans to challenge leaders like Playtech.



Source: EVO Annual Report - 2023

3. Does it have an enduring competitive advantage?

Competitive advantage can come in different shapes and forms, for EVO, we believe the competitive advantage is vast and hope enduring for a long time. The management has stated multiple times that their primary goal is to extend the gap with the competitors (that is the kind of language we like to hear from the management of our portfolio companies).

A. Intellectual Property

EVO has a competitive advantage through its exclusive portfolio of proprietary games, such as Monopoly Live and enhanced classics like Lightning Roulette, which are difficult for rivals to duplicate. Over the last few years, they have gone beyond the classic games and invented a new genre of Game shows. These game shows have been a resounding success and Casino operators must license Evolution's live casino solution to offer these games, creating a significant barrier for competitors.

B. Scalability

Unlike land-based casinos that are limited by physical space, Evolution operates in the digital realm, allowing them to break free from such constraints. This scalability advantage means that they can accommodate a virtually unlimited number of players at their casino tables without the need for additional physical infrastructure, such as expanding the casino floor or hiring more dealers. This results in higher returns on their investment (ROI) and margin expansion.

C. Network Effects

Evolution Gaming has established a strong Network Effects competitive advantage driven by the interplay of player engagement, social interaction, game variety, and market dominance.

The more players engage with a live casino game, the more immersive it becomes. Evolution enhances this social aspect, making players feel part of a vibrant community. They recognize social interaction's importance, allowing players to connect with friends and others in real-time, reinforcing the network effect and attracting players to their games.

D. Switching Costs

The substantial one-off setup fees of up to €50,000 for dedicated tables represent a significant upfront investment for casino operators. These fees, coupled with high margins, incentivize operators to stay with Evolution. Once a casino operator has invested in dedicated tables, it becomes reluctant to switch to another provider, as it would mean abandoning a sunk cost. This financial commitment acts as a strong deterrent to switching to a different live casino game provider.

More importantly, the lead that Evolution has both in the quality and quantity of the games restrict operators to switch to other providers or in-house the operations without a significant customer churn.

4. Favorable economics

Favorable economics can be viewed in multiple ways and in fact, for every investment candidate, we do look at a plethora of data and metrics to assess the economics of the business. For now, I would like to focus on what we consider the most critical metric for this category of investments. And, that is Return on Invested Capital (ROIC). In simple words, what it tells us is how much does the business generate in profits (NOPAT - Net Operating Profits After Tax) on the Capital (Debt + Equity) employed. If we have a business that is consistently able to generate and reinvest capital at high ROIC, we have a winner in our hands. EVO does pass the test here.

Between 2013 and 2020, Evolution consistently achieved a Return on Capital (ROC) ranging from 35% to 45%. Due to a major acquisition in 2022 (This was a management misstep in our opinion that we will cover in the risks section), the ROIC dropped to 12% in 2022, but has been on a steady climb and is back to 33% levels for the last 12 months.

5. Competent management that is aligned with the interest of Shareholders

The company was founded in 2006 by Jens von Bahr and Fredrik Osterberg in Stockholm, Sweden. The founding story revolves around the vision of Jens von Bahr and Fredrik Osterberg to revolutionize the online casino gaming experience. Both the founders still sit on the board and are a significant shareholder (10.4% ownership) of the company. The key executives are Martin Carlesund - CEO is a pragmatic, execution-focused, and allergic to hype. Under his tenure (since 2018), EVO's revenue has grown 5x. Todd Hausalter - CPO. considered as the "Steve Jobs of Gaming"—a showman with substance. His keynotes (watch them) blend game theory, psychology, and tech wizardry. The C-suite also has a meaningful ownership in the company. The insider ownership is a major criterion we look for in our portfolio companies.

Approach to capital allocation:

EVO's policy is a masterclass in balancing growth and returns:

- a. 50% of Net Profits as Dividends: A rarity in growth-focused tech firms—and a sign of maturity.
- b. Aggressive Buybacks: Management has repurchased €2B+ in shares since 2020, boosting per-share earnings without requiring new capital.
- c. Strategic Acquisitions: Bolt-on deals (e.g., Big Time Gaming) funded entirely from cash flow—no dilution. An exception was acquisition of NetEnt funded through dilution which was a mistake in our point of view. We will continue to keenly track the business and the management's decisions.

6. Risks

While we celebrate strengths, we live in the realm of risks. Our approach is neither academic nor theoretical—it's surgical. We ignore market noise (volatility, macro chatter) and focus solely on business-specific threats that could impair intrinsic value.

Risk Framework: Temporary Headwinds vs. Structural Threats

1. Temporary Headwinds (Short-Term)

Cyberattacks in Asia
Employee union strike in Georgia
UK regulatory authority review

Our Take: These are speed bumps, not roadblocks. We budget for them as part of operations. However, we continuously evaluate the developments on these.

2. Structural Threats (Long-Term)

These require existential vigilance:

Regulation: A double-edged sword.

Risk: Overly strict laws (e.g., Germany's €1,000 monthly betting cap) could dent growth.

Opportunity: Regulation raises barriers to entry, cementing EVO's dominance. Example: Post-2018 U.S. legalization, EVO captured 80% of new live casino licenses.

Our Take: We prefer a lumpy 15% growth over a 10% smooth growth. We view these risks as short term in nature and do not meaningfully affect the fundamental investment thesis.

We maintain vigilant oversight of emerging developments across these risks and competitor activities. To reiterate: Preserving capital over the long term remains our foremost priority—we value steady compounding far more than chasing the temporary upside.

To keep this letter from rivaling War and Peace in length, we'll pause here and revisit the following themes in upcoming communications:

Topics for Future Deep Dives

Category 2 & 3 Investments: Our approach to undervalued gems and event-driven opportunities.

Concentration vs. Diversification: Why we own fewer businesses—but know them better.

Portfolio Conservatism: How we balance aggression with prudence.

Industry Spotlights: Where your capital is deployed, and why it matters.

A Final Word:

Thank you for partnering with us. If you know investors who value discipline over hype, we'd welcome an introduction. Our capital grows alongside yours—we succeed only when you do.

If you have any questions, please don't hesitate to reach out.

Email: investorcontact@futurefortunecapital.net

Direct Line: +1 (609) 775-1686

Until next time,

Sincerely

Praveen KumarGovindarajan

Forward-looking information:

Some information set forth in this letter constitutes forward-looking information which involves uncertainties and other known and unknown factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. When used in this letter, words such as "expects", "anticipates", "intends", "may", "believes" and similar expressions generally identify forward-looking information. In developing the forward-looking information contained in this letter, the manager has made assumptions (for ex.: with respect to the outlook for the global economy and publicly traded companies). These assumptions are based on the manager's perception of factors believed to be relevant (for ex.: historical trends, current conditions, expected future developments). Although the manager believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. Actual results or events may differ materially from those expressed or implied in the forward-looking information. Future Fortune Capital LLC undertakes no obligation to publicly update or revise these forward-looking statements

