

Annual Letter 2026

There is a saying in professional cycling, attributed to Greg LeMond — one of the greatest riders in the history of the Tour de France, a man who won the race three times and returned from a near-fatal gunshot wound to win again:

“It doesn’t get easier; you just go faster.”

— **Greg LeMond, five-time Tour de France champion**

That line has lived with us. Not because it is reassuring — it is not — but because it is honest. There is no pain-free route to world-class performance. In every sport, the difference between a champion and an average Joe is not that the champion suffers less; it is that the champion has learned to interpret suffering differently. Pain is not a signal to stop. It is the price of the ride.

“I learned during my career to enjoy suffering”

— **Rafael Nadal, record 14 French Open title winner**

Investing is no different. The discomfort of watching a portfolio fall in value, of reading headlines calibrated to induce panic, of holding positions while the crowd rushes for the exit — this is not a malfunction of markets. It is the mechanism by which markets transfer wealth from the impatient to the patient. The pain is not a bug. It is the point.

This letter is about that pain, and about what history tells us lies on the other side of it — particularly in India.

Indian Equity Markets and the Gift of Volatility

Since April 2005, the Nifty Smallcap 250 has compounded at approximately 14% per annum — a 5-year CAGR of nearly 32%, a 7-year CAGR of 16.3%, and a 20-year record that has outpaced every major global index over the same period

“Over any 7-year rolling period since inception, the Nifty Smallcap 250 has never delivered a negative return. Not once.”

— **NSE historical data analysis, 2005–2025**

The catch is the journey. The Smallcap 250 has suffered drawdowns of 30%, 40%, even 70% at various points in its history — deeper than large caps in almost every downturn. The returns and the volatility are inseparable. You cannot have one without enduring the other.

The table below shows what happened each time fear peaked:

Crisis	Drawdown	1-Yr Recovery	3-5 Yr Gain	Key Lesson
Global Financial Crisis (2008)	-69%	+117% in 2009	Recovered by 2014 (~6.4 yrs)	Panic selling = permanent loss
Euro Crisis / Domestic Slowdown (2011)	-35%	+40% in 2012	+71% by 2014	Held through the pain
IL&FS / NBFC Crisis (2018–19)	-36%	+72% in 2021	3x by 2023	Quality cos rewarded most
COVID-19 Pandemic (2020)	-44%	+63% in 2021	5-yr CAGR: ~32%	Steepest crash, fastest recovery
Current Correction (2025–26)	-20%+	?	?	Geopolitical / tariff shock

Source: NSE historical data, Nifty Smallcap 250 index (TRI). Past performance is not indicative of future results.

The pattern is consistent. Across every crisis — whether triggered by a global credit freeze, a domestic NBFC collapse, or a once-in-a-century pandemic — the Nifty Smallcap 250 recovered. The drawdowns were brutal — deeper than large caps in almost every instance. But those who invested at, or near, the point of maximum pain generated the best returns of any cohort.

The Opportunity Is the Fear

Nifty (USD) has given up nearly all gains of 4.5 years and back to Sep 21 levels. We are living through one of those “APOCALYPSE” moments again. Global geopolitical tensions — most acutely US tariff escalations, Iran-related energy shocks, and renewed FII selling — have triggered a significant correction in Indian equities, and small caps have borne the brunt of it. **The median drawdown is in excess of 40%.** In the short term, this creates real mark-to-market pain. We understand that. We feel it ourselves, because our own

capital is invested alongside yours. **Fear is the mechanism that creates opportunity. When investors sell regardless of fundamentals, prices detach from value. That detachment is where returns are made.**

Investors quote Warren Buffett *“Be fearful when others are greedy, and greedy when others are fearful.”*

Investors practice *“Bet your house when others are greedy, and run for exit when others are fearful”.*

Noise vs. Signal. Fear is not a signal.

Fear is the most powerful force in markets — more powerful, in the short run, than earnings, valuations, or fundamentals. It spreads faster than information, overwhelms rational thought, and compels action precisely when inaction would serve better. Understanding this is not enough. The hard part is remaining rational when fear is loudest.

Markets generate an extraordinary volume of information, and almost none of it is relevant to long-term value creation. Headlines about tariffs, central bank minutes, and geopolitical skirmishes create what feels like urgency. They rarely are.

Our job is not to react to every data point. It is to identify which signals genuinely alter the long-term earnings power of the businesses we own — and to remain unmoved by everything else.

The current correction does not change the fact that hundreds of millions of Indians are entering the consuming class. It does not change the structural dominance of small, oligopolistic businesses in sectors with low import penetration and high domestic barriers to entry. It does not alter the trajectory of a generation of exceptional founders building world-class companies — many of them, today, constituents of the very index we are discussing. The geopolitical noise is real. The signal — India’s small-cap growth story — is unbroken.

“The investor’s chief problem — and even his worst enemy — is likely to be himself.”

— **Benjamin Graham**

How We Think About Businesses — and Mistakes

In investing, not all mistakes are equal. There are two types of error. A false positive: we invest in a company that turns out to be mediocre. We lose some capital, learn, and move on. A false negative: we identify an exceptional business but fail to act — or worse, sell too early — and miss a decade of compounding. The second type of error is far more costly, yet systematically underappreciated because it is invisible. Nobody writes a case study about the stock you didn’t buy.

Consider Roger Federer, who won approximately 80% of his matches across his career — yet won only around 54% of the individual points he played. The margin between greatness and ordinariness is not about being right on every exchange. It is about what happens on the points that truly matter.

“What matters in life isn’t how frequently one is right about outcomes, but how much one makes when one is right.”

Our portfolio construction reflects this asymmetry. We take concentrated positions in our highest-conviction ideas, accepting the possibility of being wrong on lesser bets, because the upside of being right on the big one’s dwarfs everything else.

Portfolio & Outlook

Our portfolio remains concentrated in a small number of Indian businesses that we know intimately and believe are structurally positioned to benefit from India’s long economic ascent. We have not made reactive changes in response to short-term volatility. Where prices have fallen without any corresponding deterioration in business fundamentals, we have added to positions.

We are long India. Not as a momentum play, but as a ground-level conviction built through years of studying individual businesses, meeting management teams, and understanding competitive dynamics at the company level.

LeMond was right: it doesn’t get easier. But for those who stay in the saddle, the pace builds. We are in the arena. We intend to stay there.

We can go through the pain of temporary drawdowns but cannot go through the pain of missed opportunities given in such volatile environment.

We Are Not Immune to This Pain

We are not writing this letter from the comfort of a position that is unaffected by the current drawdown. Our own capital – a meaningful portion of our personal net worth – is invested in the same portfolio as yours, in the same companies. We are not advisers observing from a distance. We are co-passengers.

That means the mark-to-market losses you are seeing in your statement; we are seeing in ours. The same headlines that test your conviction are testing ours. We are not immune to the psychological weight of a falling market, and we would be dishonest to pretend otherwise.

What we can tell you is this: we have been here before, we have travelled this road many times, and the history we have laid out in this letter is not decoration. It is the foundation on which we are making active decisions right now. **Where we have seen prices fall without any deterioration in the underlying business, we have added to our positions. Where we have had a crash, we have deployed it. We are not waiting for clarity – because by the time clarity arrives, the opportunity will have passed.**

Skin in the game means our financial incentives are aligned with yours. But it means something more than that too. It means we think about these businesses at the dinner table, on long walks, in the early hours of the morning. The companies we own are not line items in a spreadsheet. They are living institutions whose fates we take personally. And in a moment like this, that personal stake is not a source of anxiety. It is a source of discipline.

Performance

EBISU INVESTMENT ADVISORS LLP (INR)					
Year	Fund return	S&P BSE 500	Outperformance		
Since Inception Jun 2025 - Mar 2026	-28.61%	-10.25%	-18.36%		
Historical Fort Capital PMS Performance (INR)					
Sep 2023 to Dec 2024	69.28%	24.47%	44.81%		
Fund returns are absolute returns on NAV (TWRR) after expenses					
Historical Discretionary Portfolio Performance (USD)					
Year	Fund return	NIFTY 500	Outperformance	NIFTY 500 return	USDINR Impact
2024	98.09%	12.12%	85.97%	5.93%	-2.71%
2023	35.18%	25.01%	10.17%	19.31%	-0.60%
2022	-5.44%	-7.24%	1.80%	-6.06%	-11.06%
2021	37.39%	27.66%	9.73%	21.70%	-1.98%
2020	16.07%	13.95%	2.12%	12.23%	-2.38%
2019	5.87%	4.96%	0.91%	9.21%	-2.57%
2018	-27.25%	-11.32%	-15.92%	-5.33%	-8.96%
2017	75.34%	44.64%	30.70%	36.91%	6.03%
2016	7.18%	1.36%	5.82%	0.56%	-2.44%
2015	2.14%	-5.21%	7.36%	-9.63%	-10.51%
2014 (Jun-Dec 2014)	14.82%	3.98%	10.85%	5.97%	-5.51%
ANNUAL PERFORMANCE	20.46%	8.94%	11.51%	7.68%	-3.48%
TOTAL PERFORMANCE	609.52%	146.39%	463.13%	117.85%	-37.87%
Discretionary portfolio returns are NET RETURNS after taxes, expenses, Interest and dividends					

Thank you for your continued trust and partnership.

Yours sincerely

Punit Mittal

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