



TITAN
STRATEGIC INCOME



December 31, 2025

Most people get interested in [an asset] when everyone else is. The time to get interested is when no one else is. You can't buy what is popular and do well.

- Warren Buffett

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Executive Summary

- **The fund successfully launched on October 1, 2025.**
- **The 2025 4th quarter return was 0.81%, below the benchmark return of 1.0%.**
- **Significant adjustments to the process were identified and made with the objective of enhancing returns and mitigating risk.**

Management's Letter to Partners

We are pleased to present the first quarterly letter for the Titan Strategic Income Fund, which launched on October 1, 2025. We also want to thank each of the LPs who have demonstrated their enthusiasm and commitment to our vision of delivering double-digit long-term returns with low volatility.

As with any new fund launch, we encountered operational challenges during our initial weeks that temporarily impacted returns. While our inaugural quarter's net return of 0.81% fell short of our 3% quarterly objective, we view this period as a foundation for stronger performance ahead. The fourth quarter of 2025 offered a great opportunity to observe our strategy under live market conditions and identify several meaningful enhancements to our investment process. We have already implemented these refinements, detailed in the Investment Process section below, and are encouraged by the early results we are seeing.

Rather than viewing this quarter in isolation, we see it as an important calibration period that has positioned the Fund to better achieve its return objectives going forward. The lessons learned and process improvements made during these first three months have strengthened our conviction in the strategy, and we are genuinely enthusiastic about the opportunities ahead. To reiterate, we appreciate your partnership as we build a compelling, world-class investment vehicle for generating strong risk-adjusted returns.

Investment Philosophy

At Titan, we believe that puts tend to be priced higher than their actual risk would justify. This means that:

- **Repeatedly buying puts is likely to lose you money over time**
- **Repeatedly selling puts is likely to make you money over time**

We believe there are a few reasons for this.

- **Reason 1:**

Market Makers Balance Put-Call Parity

For most stocks, prices rise about 70% of the time and fall only 30% of the time. So logically, most investors should be willing to pay more for calls than for puts. But if an at-the-money put were priced lower than an at-the-money call, there would be an arbitrage opportunity. Put-Call Parity requires the at-the-money put to be priced the same (roughly) as the at-the-money call. This raises put prices, resulting in them being overpriced.

- **Reason 2:**

Puts Are Insurance Products

When you sell puts, you're essentially becoming the insurance company. Puts are insurance for the buyer, and just like insurance, puts are priced to profit the seller. Also just like insurance, selling out-of-the-money puts builds in a deductible – there is no liability for the first few percentage points of loss. That protection helps protect put sellers against losses. Over time, the expectation is that the premiums collected will exceed the payouts made.

- **Reason 3:**

Investor Psychology Favors Put Sellers

Research in behavioral finance consistently shows that people are risk averse; we feel the pain of losses much more intensely than the pleasure of equivalent gains. This psychological tendency means investors willingly pay extra to protect against downside risk, more than what a purely financial model would calculate as fair value. As put sellers, we aim to take advantage of this emotional premium.

- **Reason 4:**

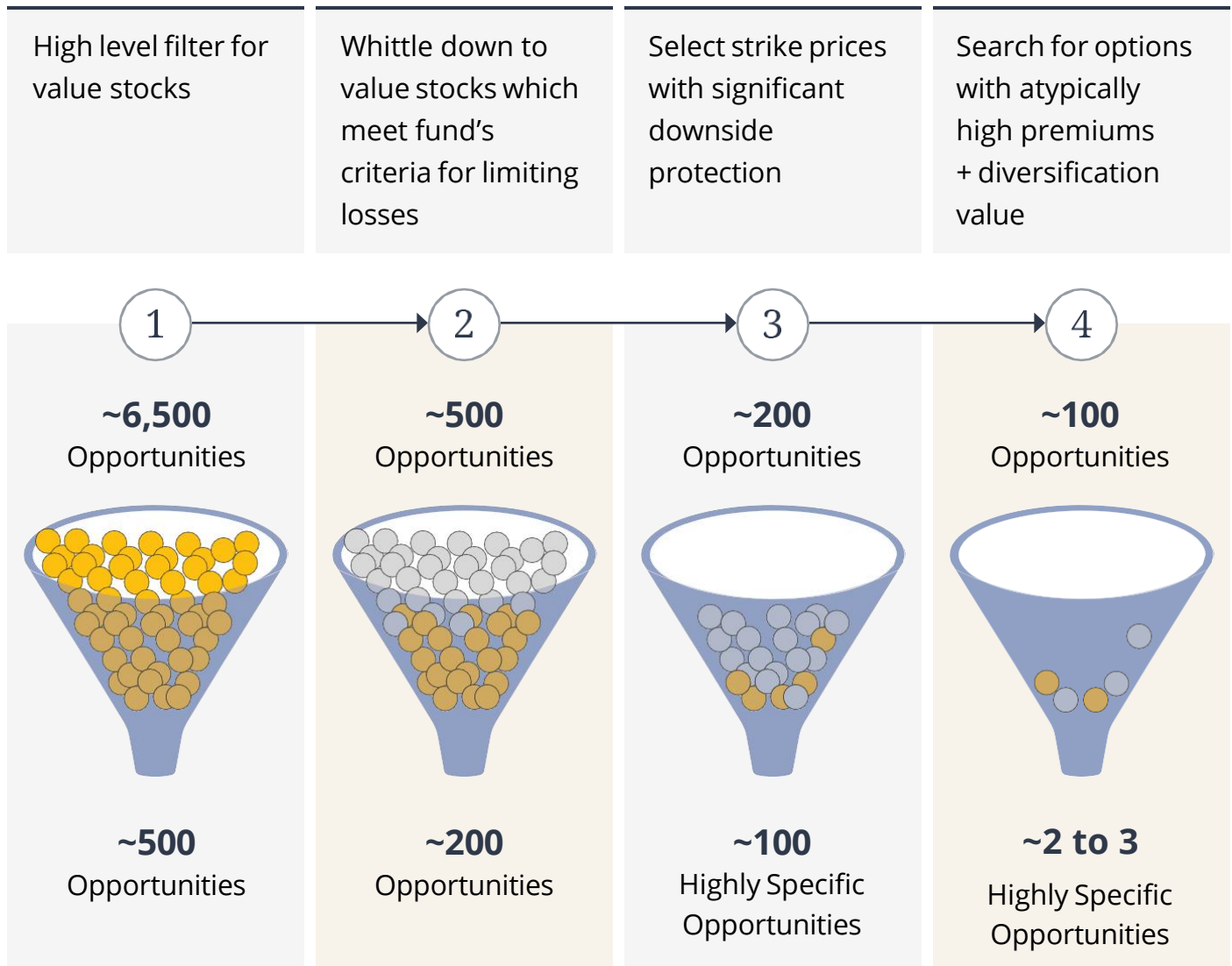
The Data Supports This Strategy

While logical reasoning is important, nothing beats real-world results. Put selling has been backtested extensively, and the data confirms our theory. The research shows that the further out-of-the-money a put is, the more overvalued it tends to be compared to its risk-neutral value (the price that would result in a 0% expected return over time).

For more on Titan's philosophy, download the Structured Dividend Income eBook at <https://titanstrategicincome.com/book>.

Investment Process

The Fund's investment framework comprises four interdependent stages, each essential for achieving the Fund's return objectives while maintaining disciplined risk management.



- Asset Selection:** The Fund employs a systematic screening process drawing from multiple data sources to maintain a focused universe of several hundred companies for ongoing evaluation. Our approach deliberately emphasizes value-oriented equities which we believe offer a more favorable risk-return profile for our put-selling strategy. Value stocks, having typically experienced price compression relative to fundamental metrics, may exhibit lower downside volatility compared to growth or momentum-oriented names. Focusing on value stocks potentially limits the magnitude of adverse price movements, thereby reducing the likelihood of assignment and realized losses on short put positions.

- **Superset Reduction:** With the superset of value stocks established, Titan then narrows the list. This includes eliminating 13F value securities held by only one firm, eliminating securities with a negative trend in the number of funds holding it, and eliminating securities with a price history too short to evaluate fairly. This results in a stronger set of securities which can be evaluated and compared analytically in the subsequent steps of the process.
- **Strike Selection and Downside Protection:** Risk mitigation is central to our approach, with each position incorporating tailored downside protection based on the underlying security's volatility profile. Strike prices are determined on an individual basis, with higher-volatility names receiving greater out-of-the-money buffers. This dynamic approach to strike selection ensures that protection levels appropriately reflect each security's risk characteristics rather than applying a uniform standard across the portfolio.
- **Premium Optimization:** While strike selection governs downside protection, option premiums drive portfolio returns. The Fund continuously monitors available premiums across eligible positions, conducting daily comparative analysis to identify optimal risk-adjusted returns. This systematic evaluation ensures that capital is allocated to opportunities offering the most attractive compensation per unit of incremental risk.

During the quarter, we implemented meaningful refinements to our asset selection methodology that we believe will enhance both diversification and return generation. While 13F filings remain a foundational component of our screening process, our initial approach introduced an unintended selection bias: the disclosed holdings reflected diverse investment strategies across varied portfolio managers, each operating under distinct mandates and risk parameters. While some managers may have used traditional value metrics for asset selection, others may have specifically selected assets with upcoming binary short-term events that they believe the market has mispriced. It is important that we focus on pure value securities rather than speculative securities that an outlier fund may be seeking.

To address this limitation, we have adopted a more robust framework that emphasizes consensus among professional investors. Our revised approach prioritizes securities held by multiple institutional managers, leveraging a wisdom-of-crowds dynamic that we believe provides stronger validation of a company's value characteristics. We have further augmented this methodology by incorporating constituents of MSCI value indices, creating a broader, more diversified, and systematically defined opportunity set.

These enhancements have meaningfully expanded and improved our investable universe of value-oriented companies, offering three distinct advantages:

- 1) Improved portfolio diversification through broader security coverage.
- 2) Enhanced premium capture resulting from a larger pool of attractive risk-adjusted opportunities.
- 3) Reduction in unintended risk.

Early results suggest these refinements are yielding the anticipated benefits.

Approach to Risk

Risk mitigation stands at the core of Titan's investment philosophy. Our strategy explicitly targets attractive long-term returns while minimizing short-term volatility, a dual mandate that drives every aspect of our research and portfolio construction process. While no strategy can eliminate the potential for loss, we are committed to the relentless pursuit of risk mitigation without compromising returns. As we continue to refine our approach, certain elements of our process may evolve over time.

That said, substantial risk controls are already embedded throughout our investment framework. Prior to executing any position, we conduct a comprehensive risk assessment across multiple dimensions: verification of adequate downside protection at the position level, quantification of concentration exposure to the underlying security, and analysis of aggregate portfolio risk.

Our structural approach integrates downside protection into each trade, with a target of 85-90% of positions generating positive returns. Importantly, when a position does result in a loss, our protective structures ensure the loss is substantially smaller than would be incurred from direct exposure to the underlying security. Diversification further reinforces this framework; while macro factors may influence the broader portfolio, we actively minimize idiosyncratic risk through disciplined position sizing and exposure management across many securities.

We recognize that a less rigorous approach to risk management could potentially enhance returns during benign market environments. However, we believe our disciplined framework is essential for preserving capital during periods of market stress and delivering the sustainable, risk-adjusted returns our limited partners expect over the long term.

Final Word

I would like to reiterate our thanks to our partners for their commitment to the fund and their belief in our team. We are humbled by the opportunity to work on your behalf. We look forward to reporting Q1 2026 results in April. As always, please feel free to contact me any time if you have questions or comments.

Sincerely,

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Appendix: Family Office Portfolio Allocation Best Practices

The Family Office Allocation Challenge

Asset allocation decisions are critical for all investors, but family offices face a distinctive set of considerations. Unlike institutional investors with singular mandates or individual investors focused primarily on retirement, family offices must balance competing time horizons: the imperative to preserve and grow capital across multiple generations while simultaneously funding current family needs and obligations.

This dual mandate creates inherent tension in portfolio construction. Long-term wealth preservation and growth typically favor equity allocations and patient capital deployment. Yet family offices must also maintain sufficient liquidity and control losses to meet near-term distributions, operational expenses, and family member support – short-term requirements which demand more conservative, accessible positioning.

The Cash Allocation Dilemma

To satisfy these short-term liquidity needs, many family offices maintain substantial cash or cash-equivalent positions. While prudent from a liquidity perspective, this approach presents a meaningful opportunity cost. Cash generates minimal returns, particularly in real terms after adjusting for inflation and taxes. For offices committed to multi-generational wealth preservation, sizable cash allocations can materially compromise long-term compounding objectives.

The challenge becomes finding instruments that combine cash-like characteristics (stability, liquidity, and modest volatility) with return profiles that more effectively support long-term growth mandates. Historically, such solutions have been elusive. Some fixed-income instruments offer higher yields than cash but introduce duration risk and remain vulnerable during rising-rate environments. Meanwhile, equity allocations provide growth potential but with high volatility levels and no guarantee that an office may not have to sell equities at a loss to meet short-term funding obligations.

Titan Strategic Income Fund: A Differentiated Approach

The Titan Strategic Income Fund is designed to address this specific allocation challenge. The Fund's approach centers on investing assets in a U.S. Treasury ETF which provides exposure to the risk-free rate comparable to cash instruments, but with options overlays for additional risk-controlled return. Through the systematic overlay of an options strategy, the Fund seeks to generate returns meaningfully above those available from cash alone.

Critically, this enhanced return potential is pursued within a framework that emphasizes low short-term volatility. The Fund's objective is to generate returns comparable with equities over the long term while seeking to limit drawdowns during periods of market stress, targeting a return profile that may prove more attractive than cash over time while maintaining characteristics suitable for the liquidity portion of a family office portfolio.

From a tax perspective, the Fund's returns are generally treated as ordinary income, similar to interest earned on cash holdings, providing comparability within the broader context of family office tax planning. Additionally, the Fund's quarterly liquidity structure aligns well with the typical cadence of family office distribution requirements and planning cycles.

Portfolio Considerations

We believe the Titan Strategic Income Fund may offer family offices an opportunity to enhance returns on their liquidity allocation without fundamentally altering their risk profile or compromising accessibility. For offices seeking to optimize the efficiency of capital allocated to near-term needs while maintaining focus on multi-generational objectives, the Fund's combination of enhanced return potential, volatility management, and quarterly liquidity presents a differentiated solution.

As with any investment decision, prospective investors should carefully consider whether the Fund's characteristics align with their specific liquidity requirements, risk tolerance, and overall portfolio objectives. We welcome the opportunity to discuss how the Fund might fit within your broader allocation framework.

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