LIGHTHOUSE CANTON CAPITAL INDIA

Monthly Market Update
April 2021

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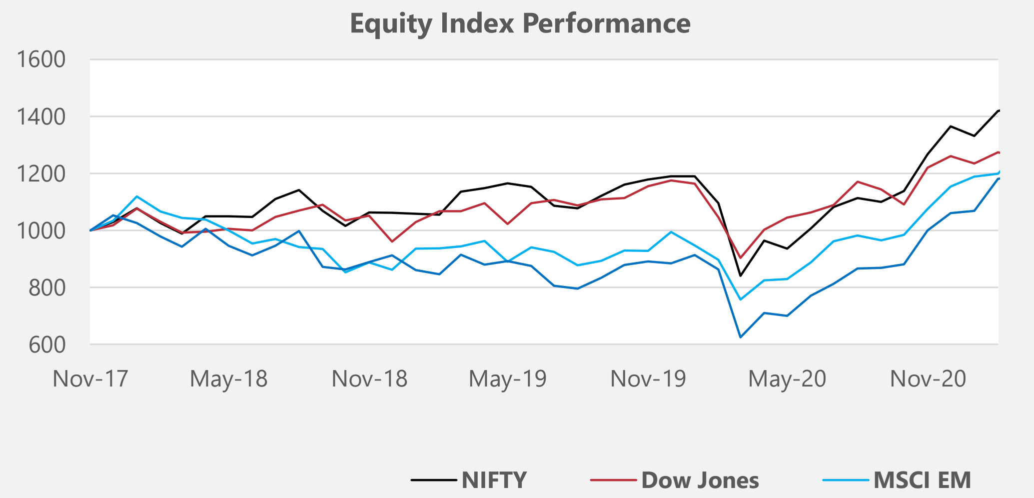
MARKET UPDATE

LC Capital India: Equity Market Update

There is a visible exhaustion in the equity markets as the high tide of foreign flows is much more subdued right now and the focus moves to the economy and earnings in FY22.

In addition to this, a sharp increase in coronavirus cases has led to a question mark on the growth projections in the near future and might result in a range-bound market.

We continue to remain relatively positive on the core industrial and relative segments, away from consumption and exports.



Month	NIFTY	MSCI EM	Dow Jones	BSEMidcap
Mar-21	1.1%	-1.5%	6.6%	1.0%
Feb-21	6.6%	0.8%	3.2%	10.5%
Jan-21	-2.5%	3.1%	-2.0%	0.8%

* Data Source –NSE, MSCI Website, Yahoo Finance

We recommend creating long-term positions in small and mid caps and moving gradually to an investment-based theme for portfolios over 2021.

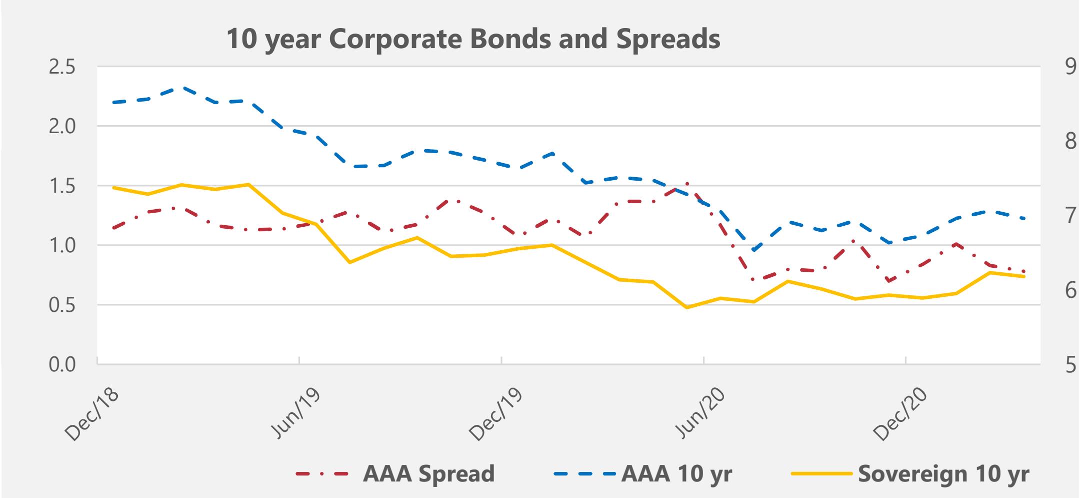
LC Capital India: Fixed Income Market Update

RBI is trying to keep long-term yields under check using various measures

Worsening pandemic situation in India may delay the economic recovery and may lead to prolonged accommodative stance by RBI

High probability of reflation could lead to higher rates in US which may impact interest rates in India

We expect yield curve to flatten and hence recommend investors to invest in roll down strategies



Month	AAA 10 yr	Sov. 10 Yr	AAA Spread
Mar-21	6.96	6.18	78
Feb-21	7.06	6.23	83
Jan-21	6.96	5.95	101
Dec-20	6.73	5.89	84
Nov-20	6.63	5.93	70

* Data Source – RBI

Investment opportunities lie in short to medium segment (2-7 years) where the yields have tightened in last 3 months. Recommend investors to invest in roll down strategies.

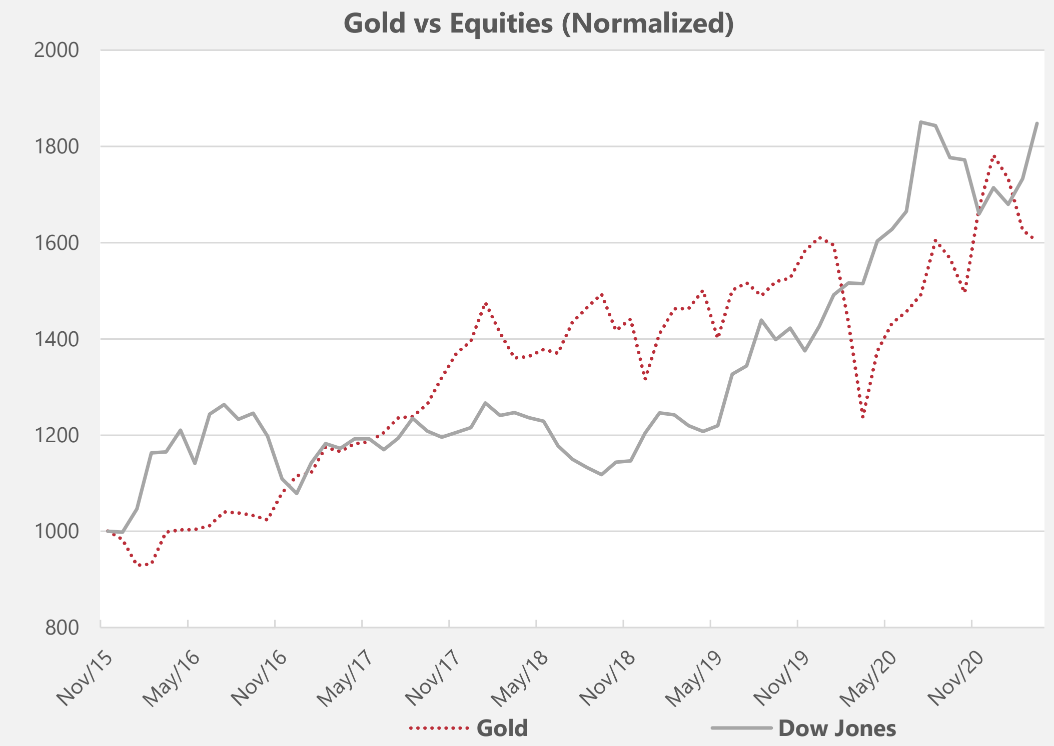
LIGHTHOUSE CANTON

In a reflationary environment, we expect industrial and base metals to do better as economies recover from the sharp fall that we saw as a result of coronavirus.

With current yields and the growth outlook globally, precious metals may remain subdued for a while before picking up with inflation in the later part of the year

With global supply chain affected through lower shipping vessels available as well as the recent Suez Canal blockage, we will continue to prefer base metals and remain neutral on precious metals.

We see good opportunities in private markets with sustained flow in the PE/VC segment, especially in the consumer and fintech space.



* Data Source – Bloomberg

Gold will function in its limited capacity as a hedge against inflation in the markets; we see opportunities in private deals and overseas investing in the long-run.