LIGHTHOUSE CANTON CAPITAL INDIA

Smell The Coffee
August 2021

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AGENDA

01 **Market Update**

02 **Monthly Performance Update**

03 **Fund Space**

- Investment Opportunities
- Tactical Calls

MARKET UPDATE

LC Capital India: Equity Market Update

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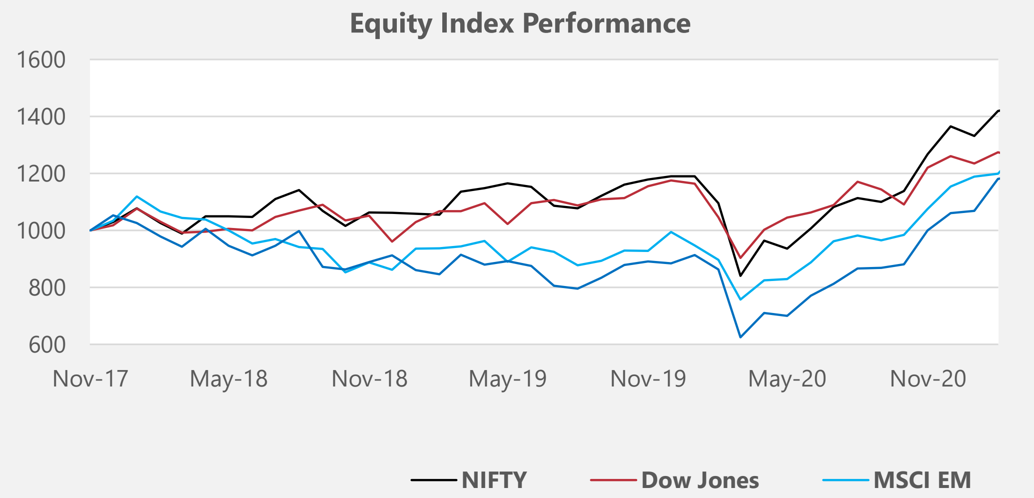
Nifty ended with a flat figure while heavy buying by DIIs and retail investors led mid and small caps led a continued jump in mid and small cap companies.

Yields have started inching up while a combination of inflation expectations and possible slowdown of growth is giving no clear sense of market direction globally.

We continue to look at basic industrials segment as the GDP growth continues to improve compared to the last few years.



Month	NIFTY	MSCI EM	Dow Jones	BSEMidcap
Jul-21	0.3%	-7.0%	1.3%	2.5%
Jun-21	0.9%	-0.1%	-0.1%	3.6%
May-21	6.5%	2.1%	1.9%	7.1%

* Data Source –NSE, MSCI Website, Yahoo Finance

We have been recommending high quality small and mid companies. As market stays around all-time highs, we look at taking profit out and move to inflation/volatility hedge instruments.

LC Capital India: Fixed Income Market Update

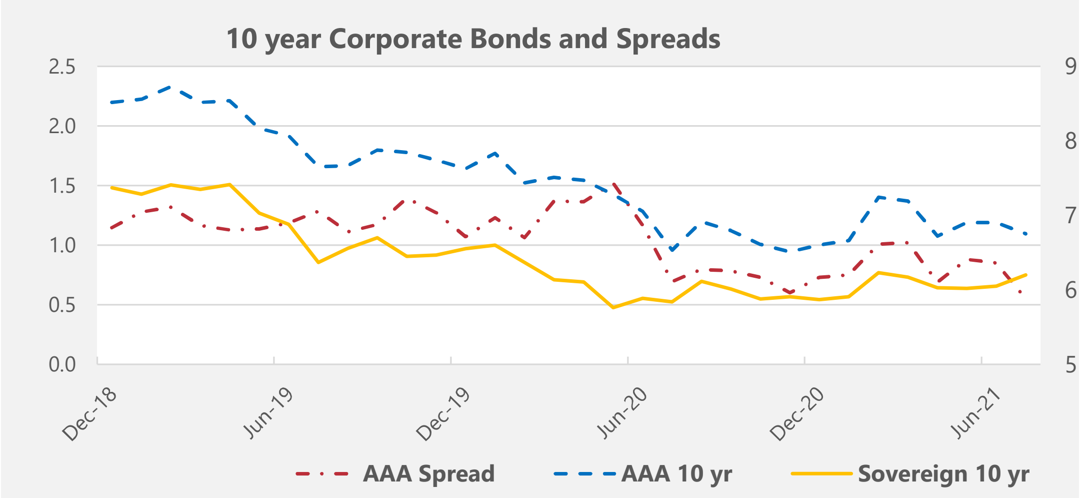
10 year Sov yields was up from 6.05% in June-21 to 6.20% in July-21.

In the Aug-21 meeting, MPC members voted for no change in policy rate and continued with their accommodative stance to support growth.

Few signals from the RBI policy does raise a question on potential change in policy bias – step up in VRRR auctions, sanguine commentary on growth and one of the MPC member voting against accommodative stance.

RBI has revised their inflation expectation to 5.7% (vs earlier 5.1%) for FY22. Growth expectations remain unchanged.

Near term headwinds for rates are rise in inflationary pressure primarily led by supply side issues, base effect and market expectation of higher borrowing.



Month	AAA 10 yr	Sov. 10 Yr	AAA Spread
Jul-21	6.75	6.20	55
Jun-21	6.90	6.05	85
May-21	6.90	6.02	88
Apr-21	6.72	6.03	69
Mar-21	7.19	6.17	102

* Data Source – RBI, Bloomberg

We believe interest rates could remain volatile in near term and hence we recommend to invest in high quality roll down strategies

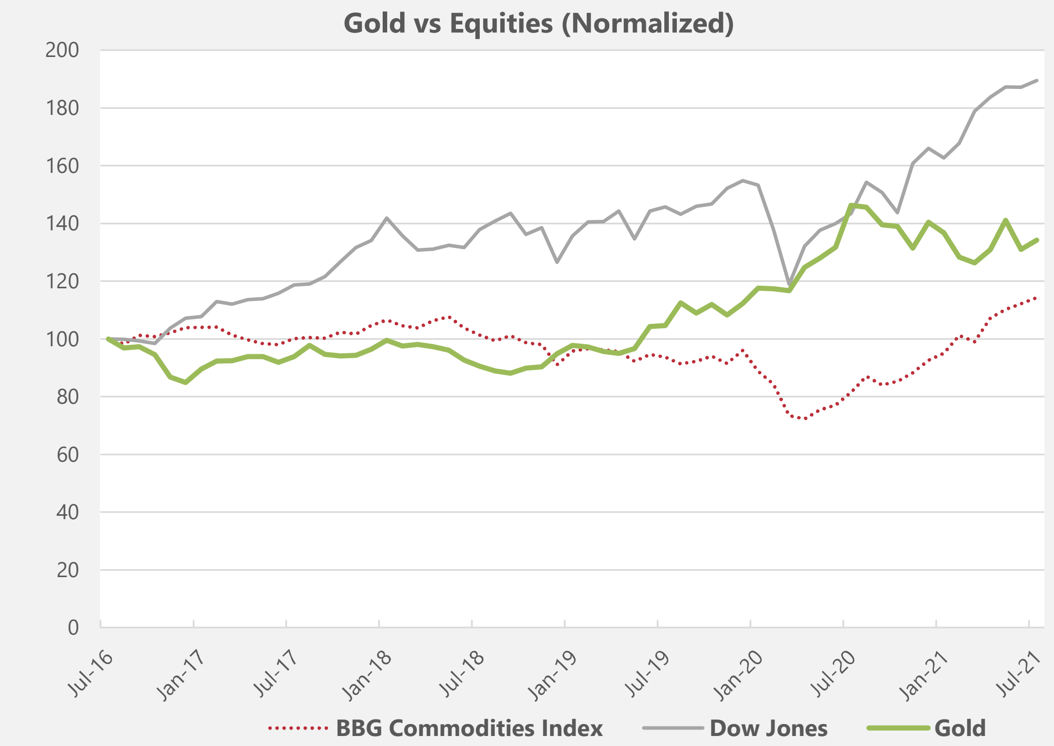
LC Capital India: Alternatives Assets Update

From long term perspective, we expect metals, energy, digital lifestyle consumption themes to do well on account of higher infrastructure spends, supply side imbalances and increase in spending. *Rise in Delta variant cases and prospects of growth slowdown might lead to correction in near term.*

Exposure to above segments in global markets could be taken through select FOFs or securities in a *staggered manner.* Overseas allocation could help investors to also hedge against INR depreciation.

Adoption of yield curve control and higher inflation expectation, may lead to fall in real yields and higher gold prices. We recommend gold as a constant segment in one's portfolio.

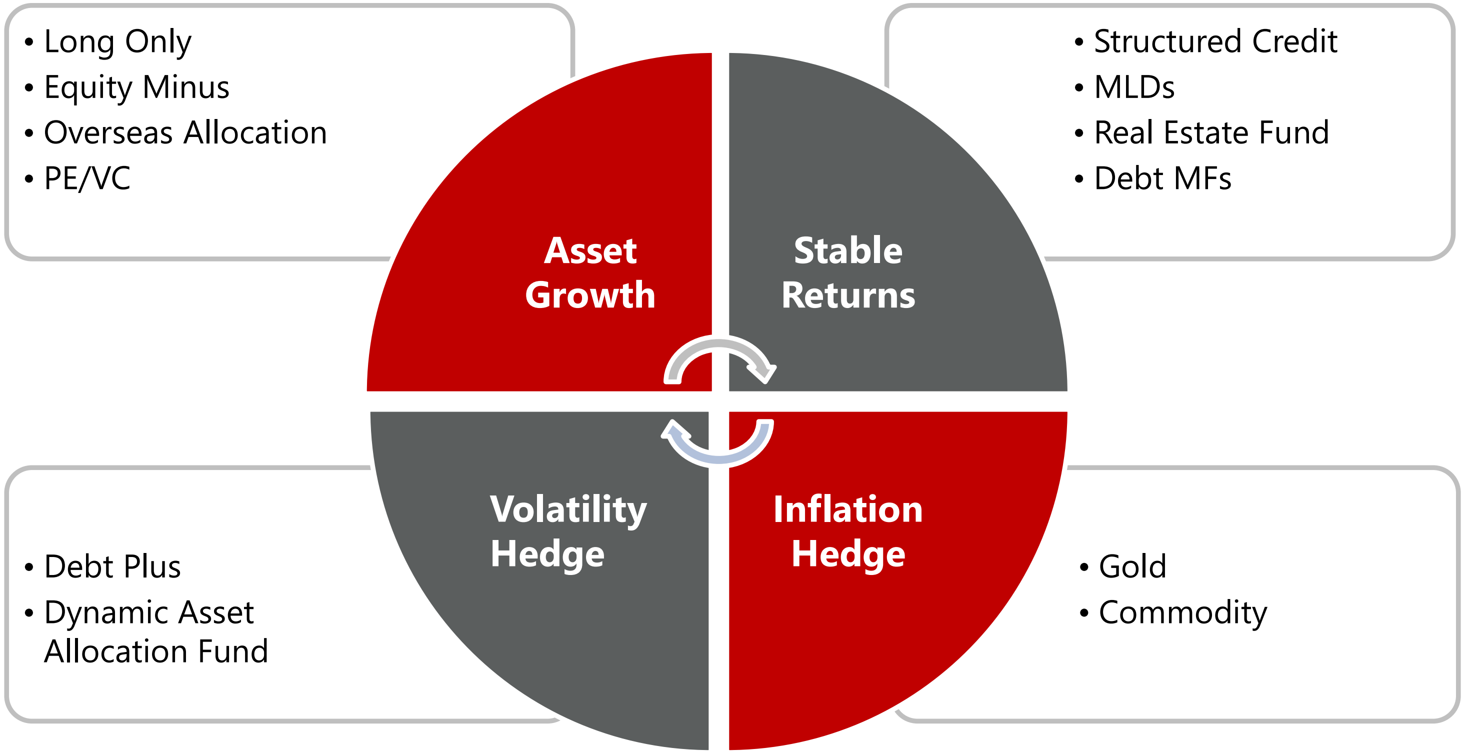
On PE/VC space, we see serious alpha in professionally managed early stage ventures as the number of unicorns and soonicorns (soon to be unicorns) are set to increase.



* Data Source – Bloomberg

We recommend PE/VC route as a primary route to enhance long-term returns. Allocation to gold, commodity, energy, consumption related funds could be done in a staggered manner.

Investment Allocation Framework



Keeping in mind this framework while creating an asset allocation to ensure the realization of capital preservation as well as better risk-adjusted returns

MONTHLY PERFORMANCE UPDATE

Performance Update – Select Absolute Return Funds and Benchmark Indices

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PERFORMANCE UPDATE

Debt Plus Funds

Fund	Jul-21	Jun-21	May-21	3M	6M	1Y	2Y	3Y
ICICI Prudential Long Short	0.4%	1.9%	3.4%	5.8%	10.9%	25.7%	17.6%	18.1%
Whitespace Debt Plus	1.0%	2.6%	1.2%	4.8%	8.1%	18.1%		
Estee I-Alpha	0.6%	0.7%	0.5%	1.8%	4.2%	9.1%	11.7%	11.8%
Alpha Alt MSAR	0.7%	0.8%	0.9%	2.4%	5.0%	10.3%	10.6%	
Avendus Abs Return Fund	2.1%	0.2%	0.6%	2.9%	4.1%	13.4%	10.5%	10.3%
Avendus ARF PMS	1.5%	0.1%	0.8%	2.4%	3.8%	10.5%		

Benchmark Indices

Index	Jul-21	Jun-21	May-21	3M	6M	1Y	2Y	3Y
Nifty 50	0.3%	0.9%	6.5%	7.7%	15.6%	42.3%	19.1%	11.5%
BSE500	1.4%	1.9%	6.9%	10.5%	21.0%	51.6%	23.2%	12.4%
BSE Mid Cap	2.4%	3.6%	7.1%	13.7%	27.7%	67.8%	30.1%	13.0%
BSE Small Cap	6.2%	6.9%	8.9%	23.6%	48.9%	105.7%	45.3%	17.3%
CRISIL Liquid Fund Index	0.3%	0.3%	0.3%	0.9%	1.8%	3.6%	4.6%	5.6%
Nifty Bank	-0.5%	-2.1%	8.4%	5.5%	13.1%	59.8%	9.4%	7.6%
MSCI EM Index	-7.0%	-0.1%	2.1%	-5.2%	-3.9%	18.4%	11.0%	5.5%

* Performance as of 31st July, 2021; Estee I-Alpha and Avendus Absolute Return Strategy are PMS strategies, rest are category – III AIFs

Performance Update – Select Long Only and Biased PMS/AIF Strategies

PERFORMANCE UPDATE

Long Only Funds

Fund	Jul-21	Jun-21	May-21	3M	6M	1Y	2Y	3Y
LC SageOne Select	5.8%	10.6%	2.0%	19.4%	51.6%	104.3%	53.7%	26.5%
Vallum India GARP Advantage	6.9%	5.8%	6.9%	20.9%	46.5%	88.9%	45.2%	20.7%
White Oak India Pioneers	3.6%	3.9%	6.2%	14.3%	28.0%	60.5%	38.5%	
SageOne Small Cap	6.3%	5.4%	4.9%	17.5%	56.5%	128.1%	72.3%	
Abakkus Emerging Opportunities	10.5%	6.1%	14.3%	34.0%	66.3%	134.3%	64.3%	
Marcellus Cons. Compounders	2.3%	1.9%	8.6%	13.2%	18.7%	51.0%	36.1%	
Alchemy High Growth Select Stock	4.1%	2.3%	4.6%	11.3%	26.0%	64.2%	21.0%	9.2%
Marcellus Kings Of Capital	-0.8%	1.8%	5.3%	6.3%	10.7%	32.6%		

Equity Minus Funds

Fund	Jul-21	Jun-21	May-21	3M	6M	1Y	2Y	3Y
Whitespace Equity Plus	1.5%	3.2%	7.3%	12.4%	23.8%	77.6%		
Avendus Enh Retrn Fund - II	-0.4%	0.6%	4.6%	4.8%	7.1%	30.5%	16.7%	
Edelweiss Alt Equity	3.8%	3.6%	4.8%	12.7%	17.4%	37.4%	24.6%	14.5%
DSP Satcore	1.7%	0.5%	1.7%	3.9%	7.3%	15.2%	12.8%	11.3%

* Performance as on 31st July, 2021 ; Abakkus Emerging Opportunities Fund is an AIF, rest all are PMS strategies among Long Only Funds; All equity minus strategies are AIFs

Performance Update – Select Mutual Funds

PERFORMANCE UPDATE

Mutual Funds

Fund	Category	Jul-21	Jun-21	May-21	3M	6M	1Y	2Y	3Y
Nippon India Large Cap	Large Cap	2.0%	1.5%	8.1%	11.9%	21.3%	53.7%	16.4%	10.6%
DSP Equity Opportunities	Large & Mid Cap	4.5%	3.0%	7.7%	15.9%	29.4%	62.4%	28.8%	16.5%
DSP Flexi Cap	Flexi Cap	4.0%	3.8%	6.5%	15.0%	26.1%	60.5%	29.4%	17.8%
PGIM India Flexi Cap	Flexi Cap	6.1%	3.8%	6.7%	17.5%	33.0%	68.2%	39.7%	23.0%
Invesco India Multicap	Multi Cap	5.7%	4.0%	10.0%	20.9%	32.7%	70.7%	32.4%	15.5%
Invesco India Midcap	Mid Cap	5.9%	5.1%	7.2%	19.2%	30.5%	66.0%	36.4%	18.9%
PGIM India Midcap Opp	Mid Cap	7.6%	5.1%	6.5%	20.4%	42.3%	95.4%	55.9%	26.3%
SBI Small Cap Fund	Small Cap	4.3%	3.6%	7.5%	16.1%	34.6%	88.6%	40.8%	21.6%
Edelweiss Balanced Advantage	Balanced Advantage	1.9%	1.5%	4.0%	7.6%	13.3%	31.1%	21.7%	12.8%
PGIM India Emerging Markets	Thematic	-6.2%	11.2%	-1.6%	2.7%	2.3%	27.7%	22.2%	10.3%
Edelweiss Arbitrage Fund	Arbitrage	0.3%	0.4%	0.4%	1.2%	2.2%	3.9%	4.5%	5.2%
HDFC Multi-Asset	Multi-Asset	2.1%	1.3%	4.6%	8.3%	13.9%	29.4%	20.3%	12.2%

- Performance as on 31st July, 2021

INVESTMENT OPPORTUNITIES

Debt Plus : ICICI Prudential Long Short Fund

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GENERAL INFORMATION

Fund Name	**ICICI Prudential Long Short Fund (I)**
Fund Management Firm	ICICI Prudential Asset Management
Fund Managers	Nandik Mallik
Ref Index	Nifty 50 Index
Category	Alternative - AIF - Category III
Sub-Category	Long Short - Market Neutral
Fee	Class A – 1% and 20% performance Class B – 1.5% and 20% performance Class C – 1.5% and 15% performance Performance fee charged over 12%

TRACK RECORD

Month	Fund	Index
Jul-21	0.4%	0.3%
Jun-21	1.9%	0.9%
May-21	3.4%	6.5%
Apr-21	1.2%	-0.4%
Mar-21	1.0%	1.1%
Feb-21	2.6%	6.6%

Period	Fund	Index
3 Months	5.8%	7.7%
6 Months	10.9%	15.6%
1 Year	25.7%	42.3%
2 Years	17.6%	19.1%
3 Years	18.1%	11.5%

Returns	18.1%	11.5%
Volatility	10.6%	22.0%
Sharpe	1.147	0.253

- Data as of 31st July, 2021
- Inception in September, 2018

KEY POINTS

The objective of this fund is to generate consistent absolute returns on a quarterly and annual basis using judicious allocation and efficient active management of positions in index futures and options with reduced volatility and higher drawdown protection in extreme events. The long term target is to generate a consistent income stream yielding 7-9% annualized, The key tenets for the fund are – i) risk-adjusted returns irrespective of market conditions, with positive correlation in up-markets and negative in negative markets, ii) volatility that is significantly lower than index volatility and is visibly lower in negative periods, and iii) drawdown protection to limit downside in adverse market conditions.

Debt Plus : Whitespace Alpha Fund II (Debt Plus)

GENERAL INFORMATION

Fund Name	**Whitespace Alpha Fund II**
Fund Management Firm	Whitespace Alpha LLP
Fund Managers	Whitespace Alpha LLP
Ref Index	CRISIL Liquid Fund Index
Category	AIF – CAT III
Sub-Category	Long Short – Market Neutral
Fee	2% management fee charged monthly 20% performance fee

TRACK RECORD

Month	Fund	Index
Jul-21	1.0%	0.3%
Jun-21	2.6%	0.3%
May-21	1.2%	0.3%
Apr-21	0.9%	0.3%
Mar-21	1.0%	0.3%
Feb-21	1.1%	0.3%

Period	Fund	Index
3 Months	4.8%	0.9%
6 Months	8.1%	1.8%
1 Year	18.1%	3.6%

Returns	17.7%	4.4%
Volatility	2.1%	0.3%
Sharpe	5.466	-5.370

- Data as of 31st July, 2021
- Inception in October, 2019

KEY POINTS

This fund parks 90-95% capital in liquid funds (only AAA/AA+ rated schemes and across fund houses for diversification) and FDs (top private sector banks only) and uses that as margin for running arbitrage strategies using futures and options. The three key strategies are:

- ***Core Strategy*** – plain vanilla arbitrage strategy, semi-automated, across equities and commodities between cash and futures contracts.
- ***Index Modelling*** – trade on implied volatility between F&) contracts of stocks and indices, driven by spreads, volumes, volatility and OI
- ***Statistical Modelling*** – hedged option strategies (box, butterfly, etc.); using correlation models around macro variables to take hedged calls

Global Investment : LC Global Select SP - Growth

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GENERAL INFORMATION

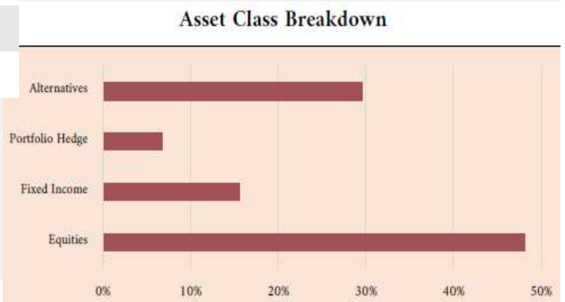
Fund Name	**LC Global Select SP - Growth**
Fund Management Firm	Lighthouse Canton Pte - Singapore
Fund Managers	Antoine Bracq
Ref Index	20% IG / 80% Global Equities (Eurekahedge FOF Index)
Category	Fund of Fund – Global
Sub-Category	Offshore - Absolute Return Fund
Fee	Class A1 – 1.5% p.a. – Investments up to $1 million Class A2 – 1% p.a. – Investments greater than or equal to $1 Mn

TRACK RECORD

Month	Fund	Index
June-21	1.7%	3.6%
May-21	1.3%	0.3%
Apr-21	0.8%	3.0%
Mar-21	1.1%	0.3%
Feb-21	0.4%	2.1%
Jan-21	1.3%	0.1%

Period	Fund	Index
3 Months	3.7%	6.9%
6 Months	6.4%	9.4%

- Data as of 31st July, 2021
- Inception in December, 2020
- Returns in USD



KEY POINTS

The objective of this fund is to generate consistent risk adjusted return with better downside management. The target is to deliver 9-11% annualised USD return with a volatility in the range of 8-10%. The strategy aims to achieve reduced volatility by diversifying portfolio with upto 20 high quality global fund managers that have low beta to broader markets and lower downside risk. The key tenets for the fund are – i) Access to world class fund managers across assets classes and geographies, ii) Portfolio rebalancing in terms of asset allocation depending on market cycles.

TACTICAL CALLS

Whitespace Alpha Equity Plus fund

GENERAL INFORMATION

Fund Name	**Whitespace Alpha Fund I**
Fund Management Firm	Whitespace Alpha LLP
Fund Managers	Whitespace Alpha LLP
Ref Index	NIFTY 50 Index
Category	AIF – CAT III
Sub-Category	Long Biased – Equity Minus
Fee	2% management fee charged monthly
	20% performance fee

TRACK RECORD

Month	Fund	Index
Jul-21	1.5%	0.3%
Jun-21	3.2%	0.9%
May-21	7.3%	6.5%
Apr-21	0.6%	-0.4%
Mar-21	2.2%	1.1%
Feb-21	7.1%	6.6%

Period	Fund	Index
3 Months	12.4%	7.7%
6 Months	23.8%	15.6%
1 Year	77.6%	42.3%

Returns	41.1%	18.9%
Volatility	26.3%	25.9%
Sharpe	1.336	0.498

- Data as of 31st July, 2021
- Inception in October, 2019

KEY POINTS

This fund parks 90-95% capital in Nifty ETFs and uses that as margin for running arbitrage strategies using futures and options with the aim to create a sustainable return of ~10% above the benchmark. The three key underlying strategies are:

- ***Core Strategy*** – plain vanilla arbitrage strategy, semi-automated, across equities and commodities between cash and futures contracts.
- ***Index Modelling*** – trade on implied volatility between F&) contracts of stocks and indices, driven by spreads, volumes, volatility and OI
- ***Statistical Modelling*** – hedged option strategies (box, butterfly, etc.); using correlation models around macro variables to take hedged calls

Tactical Opportunity – MF – Invesco Global Consumer Trends Fund of Fund

The fund is focussed on consumer trends driven by changes in standards of living, demographics and connectivity.

Long term triggers - The fund is well positioned for current disruptions we see to eCommerce, online gaming and media streaming industry.

Near term triggers – Reopening of economies and return to normalcy would lead to consumers venturing into public setting and resume travel. Fund exposure to sectors like hotels, restaurants and leisure is ~19% as on May 21.

The master fund – Invesco Global Consumer Trends Fund has performed in the top decile in 1/3/5 years.

We recommend investors to investment in the fund in a **staggered manner** and have a long term investment horizon (3-5 years).

TRACK RECORD

Month	Fund*	Index
Jul-21	-6.6%	0.3%
Jun-21	2.7%	2.2%
May-21	-2.2%	-1.2%
Apr-21	4.2%	5.1%
Mar-21	-1.5%	3.3%
Feb-21	2.0%	0.7%

Period	Fund*	Index
1 Year	41.0%	38.0%
3 Years	20.0%	17.7%
5 Years	20.9%	16.4%
10 Years	18.0%	13.2%
20 Years	10.2%	7.5%

Allocation	Fund	Index
U.S.	66.6%	66.1%
China	7.2%	--
Japan	7.7%	11.7%
U.K.	3.2%	2.5%
Germany	2.8%	4.9%

- Data Source – Invesco Fund presentation, Bloomberg
- Index – MSCI World Consumer Discretionary
- All data in USD terms and annualized
- Returns are as of 31st July, 2021

* Returns shown for C instead of S share class for longer track record. The feeder fund invests in S Share class which has been existing since Nov 18 | Inception of C Class – 9th Aug 99

The fund would help investors to take exposure to international equities and also help them to participate in digital lifestyle themes and traditional consumption

Recommended Debt Mutual Funds

The fixed income market has to navigate between domestic growth being interrupted by second wave (and chances of third wave) and upside risk to inflation.

We prefer to invest in high quality roll down/target maturity funds across 2-7 years segment.

Investors should match their holding period with duration of the roll down strategies to protect from market volatility and to get reasonable return.

TRACK RECORD

Fund	AUM	Returns 1M	3M	6M	1Y	3Y
DSP Corporate Bond Fund	2,551	3.0%	4.1%	3.4%	4.8%	--
Axis Banking and PSU Debt Fund	16,496	2.3%	4.9%	3.2%	5.0%	8.8%
Nippon India Floating Rate Fund	17,587	2.7%	6.6%	3.6%	6.3%	8.6%
DSP Floater Fund	1,795	1.6%	5.8%	--	--	--
IDFC Banking and PSU Debt Fund	18,853	1.0%	5.0%	3.1%	5.2%	9.5%
IDFC Corporate Bond Fund	20,311	-1.1%	6.3%	3.1%	5.8%	8.5%
Bharat Bond ETF – April 2025	8,115	-0.9%	7.8%	3.9%	--	--
IDFC Gilt 2027 Index Fund	549	-3.4%	6.4%	--	--	--
IDFC Gilt 2028 Index Fund	217	-3.9%	6.2%	--	--	--
L&T Triple Ace Bond Fund	7,771	-0.2%	7.1%	2.5%	5.1%	10.2%
Axis Dynamic Bond Fund	1,712	2.0%	8.7%	3.5%	5.8%	10.0%
Bharat Bond ETF – April 2031	9,973	-0.3%	9.1%	4.4%	--	--

- Data Source – ACE MF
- Performance is shown on annualized basis
- Returns as of 31st July, 2021

We believe that roll down strategy would help to tick the boxes of fixed income investment – high predictability, low volatility, high liquidity and reasonable returns

Notes