LIGHTHOUSE CANTON CAPITAL INDIA

Smell The Coffee
September 2021

Disclaimer

The contents of this document are confidential and are meant for intended recipient only. If you are not the intended recipient, please delete all copies of this document and notify the sender immediately.

This document, provided as a general commentary, is for informational purposes only and is not to be construed as an offer to sell or solicit an offer to buy any financial instruments in any jurisdictions. This does not constitute any form of regulated financial advice, and your independent financial advisor should be consulted prior to taking any investment decision(s). This document is based on information from sources which are reliable but has not been independently verified by LC Capital India Private Limited ("LCIL"). LCIL has taken reasonable steps to verify the contents of this document and accepts no liability for any loss arising from the use of any information contained herein. Please also note that past performances are not indicative of future performance.

This document is prepared by LC Capital India Private Limited ("LCIL") which is incorporated in India and is an Association of Mutual Funds in India ("AMFI") registered Mutual Fund Distributor (License No. ARN 171014). The contents of this document may not be reproduced or referenced, either in part or in full, without prior written permission of LCIL.

LC Capital India Private Limited ("LCIL") is not affiliated to Lighthouse Canton Pte Ltd ("LCPL"), Singapore, and any views and/or advice provided by LCIL does not represent nor constitute as the views held by LCPL. Lighthouse-Canton brand and logo are owned by Lighthouse Canton Investment Holdings Pte Ltd ("LCIH") and have been granted for use to LCIL and LCPL by means of Licensing agreements.

Common Risk Factors: *Investments in securities are subject to market risks. The value of the Portfolios can go up or down depending on various market factors. Past performance of the Portfolio Manager does not indicate the future performance of the Products or any other future Products of the Portfolio Manager. There are no assurances or guarantees that the objectives of any of the financial product(s) / instrument(s) will be achieved.*
The investments may not be suited to all categories of investors. Investors are not being offered any guaranteed or indicative returns through any of the products/recommendations. The names of the Products do not in any manner indicate their prospects or returns. The performance of the Products may be adversely affected by the performance of individual issuer companies, changes in the market conditions, micro and macro factors and forces affecting capital markets in particular like interest rate risk, credit risk, liquidity risk and reinvestment risk. Derivative/future and options products are affected by various risks including but not limited to counter party risk, market risk, valuation risk, liquidity risk, basis risk and other risk.
Please read the Disclosure Document of the proposed investment before investing.

MF Specific Risk Factors: *Mutual Fund investments are subject to market risks, read all scheme related documents carefully.*

LC Capital India Private Limited
CIN: U74999TG2020PTC139228
Corp. Off: Ground Floor, Cowrks, Worldmark 1, Aerocity, New Delhi, 1100037, Delhi (India)
Regd off: Building 9000, Plot No 7, SY No 542, MN Park, Phase-II, Hyderabad, 500078, Telangana (India)
Email: service@lighthouse-canton.in Website: www.lighthouse-canton.in

AGENDA

01 **Market Update**

02 **Monthly Performance Update**

03 **Fund Space**

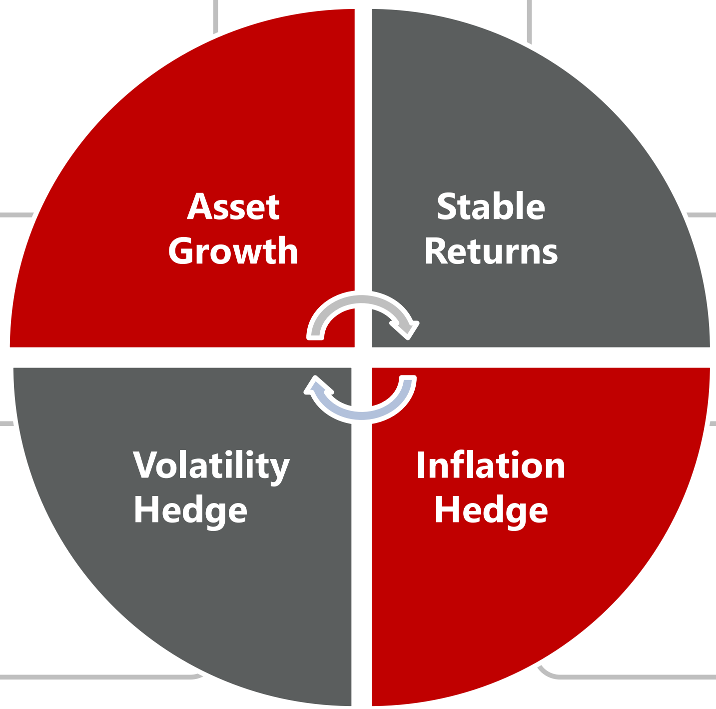
- Investment Opportunities
- Tactical Calls

MARKET UPDATE

Investment Allocation Framework

- Long Only
- Equity Minus
- Overseas Allocation
- PE/VC

- Structured Credit
- MLDs
- Real Estate Fund
- Debt MFs



- Debt Plus
- Dynamic Asset Allocation Fund

- Gold
- Commodity

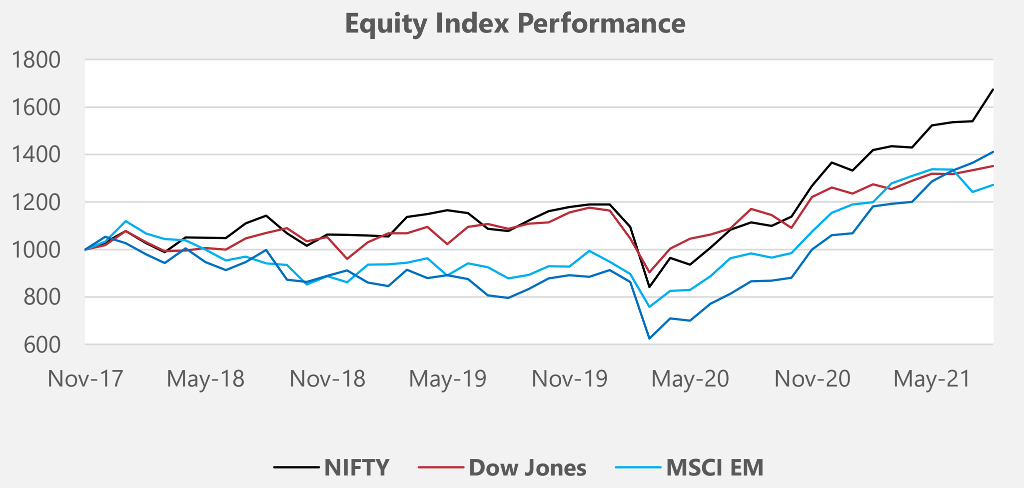
Keeping in mind this framework while creating an asset allocation to ensure the realization of capital preservation as well as better risk-adjusted returns

LC Capital India: Equity Market Update

Bullishness continued with large inflow coming through domestic markets, while there was pause seen in mid/small cap segments. FIIs remained negative for the sixth consecutive month.

There was a significant sector rotation seen as IT and FMCG racked up double digit gains while there was a clear size and quality demarcation in terms of factor returns.

We continue to prefer segments focusing on domestic growth while we do believe some slowdown linked to global growth to seep in.



Month	NIFTY	MSCI EM	Dow Jones	BSEMidcap
Aug-21	8,7%	2.4%	1.2%	3.3%
Jul-21	0.3%	-7.0%	1.3%	2.5%
Jun-21	0.9%	-0.1%	-0.1%	3.6%

* Data Source –NSE, MSCI Website, Yahoo Finance

For the last one year, we have been focusing on high quality growth portfolio in small and mid cap segments. We continue to prefer that while taking profit out towards stable returns.

LC Capital India: Fixed Income Market Update

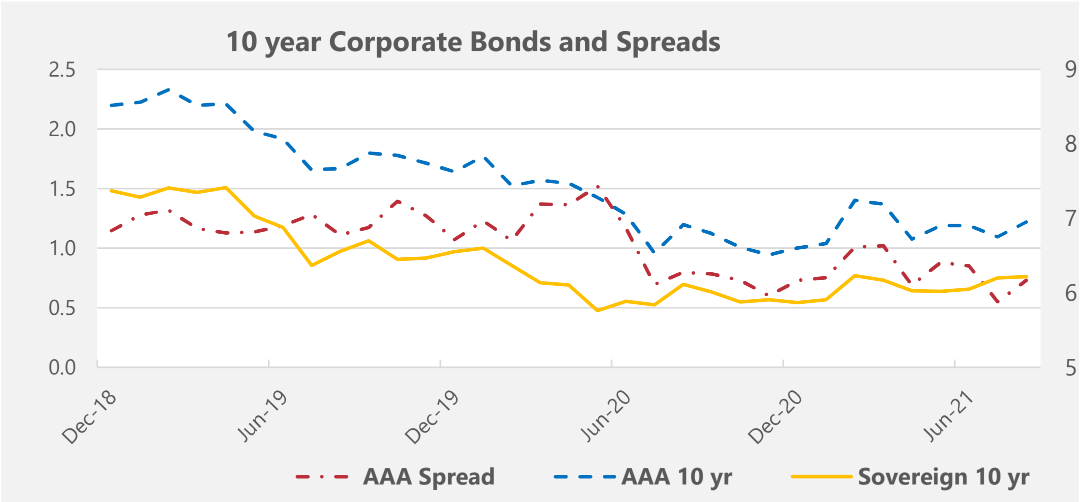
10y sovereign yields moved to 6.22%, an indication of gradual liquidity normalization and RBI's comfort level

In the Aug-21 meeting, MPC members voted for no change in policy rate (with exception of one member) and continued with their accommodative stance to support growth

GDP growth of 20.1% in Q1 FY22 was high, but remains below pre-pandemic levels in Q1 FY20. Inflation remains within the comfort range of RBI at 5.30% in August, compared to 5.59% in July.

Fiscal deficit up to July 2021 was 21% of annual budgetary estimates, driven by robust tax revenues and lower expenses

Improved government finances and lower inflation is positive for rates. Medium term headwinds include higher inflation, global policy normalization and higher supply.



Month	AAA 10 yr	Sov. 10 Yr	AAA Spread
Aug-21	6.95	6.22	73
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

* Data Source – RBI, Bloomberg

We believe bonds could remain positive in near term, but volatile further. We would recommend investors to invest in high quality roll down strategies and gain from the steepness

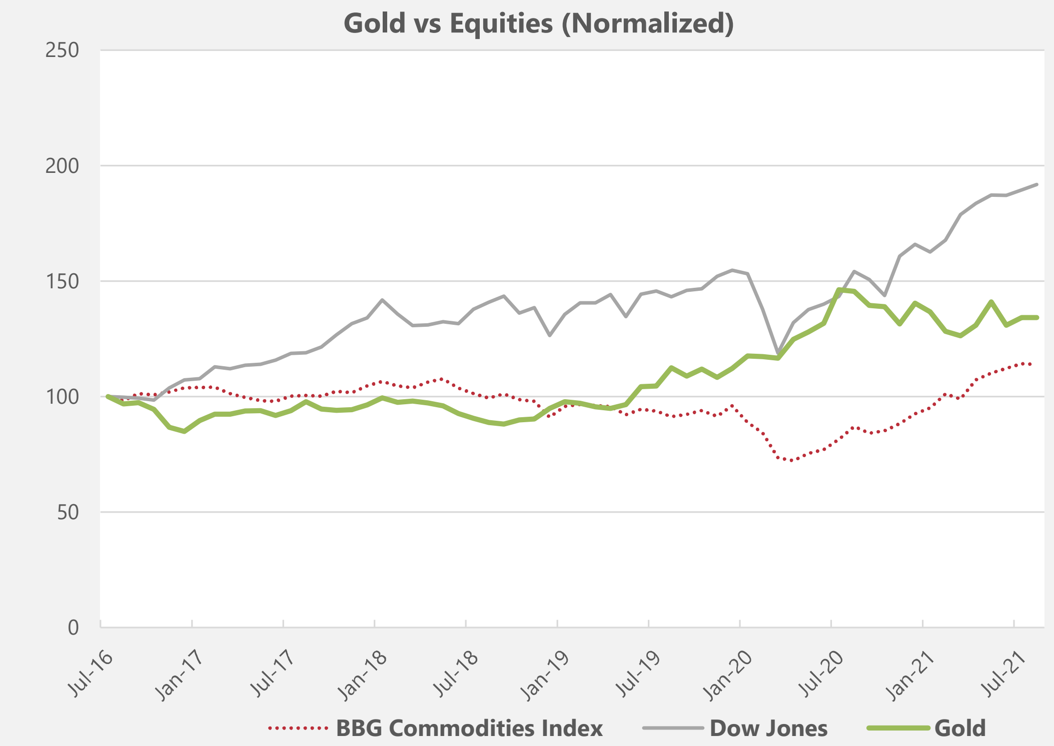
LC Capital India: Alternatives Assets Update

We expect metals, energy, digital lifestyle consumption themes to do well on account of higher infrastructure spending, drive towards clean energy, supply side imbalances and increased consumer spending.

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 longer term 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.

MONTHLY PERFORMANCE UPDATE

Performance Update – Select Absolute Return Funds and Benchmark Indices

LIGHTHOUSE CANTON

PERFORMANCE UPDATE

Debt Plus Funds

Fund	Aug-21	Jul-21	Jun-21	3M	6M	1Y	2Y	3Y
ICICI Prudential Long Short	0.9%	0.4%	1.9%	3.3%	9.1%	23.4%	18.4%	18.7%
Whitespace Debt Plus	0.4%	1.0%	2.6%	4.0%	7.3%	16.7%		
Estee I-Alpha	0.5%	0.6%	0.7%	1.8%	4.0%	8.8%	11.5%	11.7%
Alpha Alt MSAR	0.4%	0.7%	0.8%	1.9%	4.8%	9.4%	10.5%	11.0%
Avendus Abs Return Fund	2.2%	2.1%	0.2%	4.6%	4.4%	14.8%	11.2%	10.8%
Avendus ARF PMS	1.8%	1.5%	0.1%	3.4%	3.6%	12.2%		

Benchmark Indices

Fund	Aug-21	Jul-21	Jun-21	3M	6M	1Y	2Y	3Y
Nifty 50	8.7%	0.3%	0.9%	9.9%	17.9%	50.4%	24.7%	13.6%
BSE500	6.5%	1.4%	1.9%	10.1%	19.6%	55.6%	27.6%	13.5%
BSE Mid Cap	3.3%	2.4%	3.6%	9.6%	19.4%	62.7%	33.1%	12.2%
BSE Small Cap	0.5%	6.2%	6.9%	14.1%	33.6%	87.8%	46.5%	16.1%
CRISIL Liquid Fund Index	0.3%	0.3%	0.3%	0.9%	1.8%	3.6%	4.5%	5.5%
Nifty Bank	5.3%	-0.5%	-2.1%	2.5%	4.7%	53.3%	15.2%	9.1%
MSCI EM Index	2.4%	-7.0%	-0.1%	-4.9%	-2.3%	18.8%	15.3%	7.4%

* Performance as of 31st August, 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

LIGHTHOUSE CANTON

PERFORMANCE UPDATE

Long Only Funds

Fund	Aug-21	Jul-21	Jun-21	3M	6M	1Y	2Y	3Y
LC SageOne Select	3.2%	5.8%	10.6%	20.8%	42.3%	94.0%	57.6%	27.0%
Vallum India GARP Advantage	0.4%	6.9%	5.8%	13.6%	34.8%	76.8%	48.2%	19.2%
White Oak India Pioneers	5.2%	3.6%	3.9%	13.3%	27.0%	66.0%	38.9%	
SageOne Small Cap	2.7%	6.3%	5.4%	15.1%	48.1%	107.8%	72.7%	
Abakkus Emerging Opportunities	-2.6%	10.5%	6.1%	14.2%	43.0%	112.1%	62.4%	
Marcellus Cons. Compounders	7.7%	2.3%	1.9%	12.3%	24.7%	57.0%	37.3%	
Alchemy High Growth Select Stock	7.5%	4.1%	2.3%	14.4%	26.9%	68.5%	24.3%	10.5%
Marcellus Kings Of Capital	8.0%	-0.8%	1.8%	9.1%	11.1%	42.8%		

Equity Minus Funds

Fund	Aug-21	Jul-21	Jun-21	3M	6M	1Y	2Y	3Y
Whitespace Equity Plus	8.9%	1.5%	3.2%	14.1%	25.8%	86.0%		
Avendus Enh Retrn Fund - II	11.3%	-0.4%	0.6%	11.5%	14.7%	42.1%	22.2%	
Edelweiss Alt Equity	5.3%	3.8%	3.6%	13.2%	24.3%	43.8%	24.3%	16.8%
DSP Satcore	4.6%	1.7%	0.5%	6.9%	8.7%	20.2%	13.8%	12.8%

* Performance as on 31st August 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	Aug-21	Jul-21	Jun-21	3M	6M	1Y	2Y	3Y
Nippon India Large Cap	Large Cap	7.0%	2.0%	1.5%	10.8%	17.6%	53.7%	23.5%	11.1%
DSP Equity Opportunities	Large & Mid Cap	2.9%	4.5%	3.0%	10.8%	22.9%	60.6%	30.5%	16.4%
DSP Flexi Cap	Flexi Cap	5.1%	4.0%	3.8%	13.4%	23.6%	62.3%	31.9%	18.5%
PGIM India Flexi Cap	Flexi Cap	4.7%	6.1%	3.8%	15.3%	29.7%	73.2%	44.1%	23.7%
Invesco India Multicap	Multi Cap	1.2%	5.7%	4.0%	11.2%	24.0%	64.9%	32.3%	13.7%
Invesco India Midcap	Mid Cap	-0.4%	5.9%	5.1%	10.8%	18.7%	57.7%	35.1%	16.3%
PGIM India Midcap Opp	Mid Cap	3.5%	7.6%	5.1%	17.0%	32.1%	92.0%	59.3%	26.6%
SBI Small Cap Fund	Small Cap	0.2%	4.3%	3.6%	8.2%	22.4%	67.6%	40.4%	19.3%
Edelweiss Balanced Advantage	Balanced Advantage	4.0%	1.9%	1.5%	7.6%	12.7%	34.1%	23.5%	13.5%
PGIM India Emerging Markets	Thematic	0.8%	-6.2%	11.2%	5.2%	2.5%	26.7%	21.7%	10.3%
Edelweiss Arbitrage Fund	Arbitrage	0.3%	0.3%	0.4%	1.1%	2.3%	4.0%	4.5%	5.2%
HDFC Multi-Asset	Multi-Asset	3.6%	2.1%	1.3%	7.2%	14.3%	31.1%	22.3%	12.9%

- Performance as on 31st August, 2021

INVESTMENT OPPORTUNITIES

Debt Plus : ICICI Prudential Long Short Fund

LIGHTHOUSE CANTON

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
Aug-21	0.9%	8.7%
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%

Period	Fund	Index
3 Months	3.3%	9.9%
6 Months	9.1%	17.9%
1 Year	23.4%	50.4%
2 Years	18.4%	24.7%
3 Years	18.7%	13.6%

Returns	17.9%	14.3%
Volatility	10.4%	22.1%
Sharpe	1.146	0.374

- Data as of 31st August, 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)

LIGHTHOUSE CANTON

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
Aug-21	0.4%	0.3%
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%

Period	Fund	Index
3 Months	4.0%	0.9%
6 Months	7.3%	1.8%
1 Year	16.7%	3.6%

Returns	17.1%	4.4%
Volatility	2.2%	0.3%
Sharpe	4.998	-5.548

- Data as of 31st August, 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

LIGHTHOUSE CANTON

GENERAL INFORMATION

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

TRACK RECORD

Month	Fund	Index
July-21	0.2%	0.7%
June-21	0.6%	1.1%
May-21	1.7%	1.1%
Apr-21	1.3%	3.4%
Mar-21	1.0%	1.9%
Feb-21	1.1%	1.3%

Period	Fund	Index
3 Months	2.5%	2.9%
6 Months	6.1%	9.9%

Fund Category	Weight
Global Equity L/S	20.2%
APAC Equity L/S	39.2%
L/S CDS	7.6%
Macro Rel. Value	15.1%
Structured Credit	18.0%

- Data as of 31st August, 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

Equity Plus : Whitespace Alpha Fund I (Equity Plus)

LIGHTHOUSE CANTON

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 Plus
Fee	2% management fee charged monthly
	20% performance fee

TRACK RECORD

Month	Fund	Index
Aug-21	8.9%	8.7%
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%

Period	Fund	Index
3 Months	14.1%	9.9%
6 Months	25.8%	17.9%
1 Year	86.0%	50.4%

	Fund	Index
Returns	45.3%	23.3%
Volatility	26.0%	25.8%
Sharpe	1.511	0.669

- Data as of 31st August, 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 - PGIM India Emerging Markets Equity Fund

LIGHTHOUSE CANTON

PGIM India Emerging Markets Equity Fund feeds into **Jennison Emerging Markets Equity Fund** that has performed in the top decile in the last 1/3/5 years.

Style of Investing – Long duration high growth, Bottom up approach, concentrated portfolio (around 35-40 stocks) but well diversified.

Selection of companies – Focus on inflection of growth point (early and sizeable positions), competitive advantage, building moat, have a well defined future growth path.

Key themes – The fund seeks to benefit from Trends that are shaping tomorrow's world (On demand consumption, enterprise technology, global consumer, digital payments, robotics and autonomy, health tech, etc.

The size of the fund allows for **nimble allocation** across stocks and markets. As a casing point, the fund reduced China exposure from ~50% in November 2020 to ~25% (July 2021) gradually taking exposure to sectors like Interactive Media, Internet and Software from 17% to 0% in this period.

TRACK RECORD

Month	Fund	Index
Aug-21	5.5%	2.4%
Jul-21	-7.3%	-7.0%
Jun-21	8.0%	-0.1%
May-21	2.6%	2.1%
Apr-21	4.0%	2.4%
Mar-21	-5.0%	-1.7%

Period	Fund	Index
YTD	14.4%	3.2%
1 Year	40.7%	19.85
3 Years	30.4%	10.3%
5 Years	21.6%	10.9%

Allocation	Fund	Index
China	24.8%	32.2%
India	21.5%	11.6%
S. Korea	11.7%	12.9%
Singapore	9.4%	--
Argentina	8.0%	0.02%

- Data Source – PGIM Website, Bloomberg
- Inception – September 2014
- Index – MSCI Emerging Markets
- All data in USD terms and annualized for Class A
- Data as of 31st August, 2021

Favourable structural trend (growth and demographics), weaker dollar and prospects of geographical diversification makes Emerging market investing attractive.

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

LIGHTHOUSE CANTON

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 ~17% as on July 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
Aug-21	0.1%	0.8%
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%

Period	Fund*	Index
1 Year	23.6%	24.0%
3 Years	17.6%	17.0%
5 Years	20.3%	16.7%
10 Years	18.5%	14.2%
20 Years	9.9%	8.0%

Allocation	Fund	Index
U.S.	70.0%	67.9%
Japan	6.6%	10.6%
China	8.0%	--
Germany	3.5%	4.8%
U.K.	3.5%	2.4%

- Data Source – Invesco Fund presentation, Bloomberg
- Index – MSCI World Consumer Discretionary
- All data in USD terms and annualized
- Returns are as of 31st August, 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 pandemic (prospects of third wave) and fears of policy tightening across economies (especially by US FED).

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

		Returns				
Fund	**AUM**	**1M**	**3M**	**6M**	**1Y**	**3Y**
DSP Corporate Bond Fund	2,406	4.5	3.9	4.4	4.5	--
Axis Banking and PSU Debt Fund	16,786	5.7	4.3	5.5	4.9	8.8
Nippon India Floating Rate Fund	18,784	7.0	5.4	7.0	6.2	8.6
DSP Floater Fund	2,001	10.4	5.5	--	--	--
IDFC Banking and PSU Debt Fund	19,284	6.7	4.8	6.2	5.3	9.6
IDFC Corporate Bond Fund	21,012	10.1	5.7	7.9	6.2	8.6
Bharat Bond ETF – April 2025	8,392	17.7	7.6	10.0	6.9	--
IDFC Gilt 2027 Index Fund	824	14.6	6.4	--	--	--
IDFC Gilt 2028 Index Fund	284	15.1	7.0	--	--	--
L&T Triple Ace Bond Fund	8,302	17.8	5.0	10.0	5.4	10.6
Axis Dynamic Bond Fund	1,803	17.8	3.9	10.6	5.4	10.0
Bharat Bond ETF – April 2031	10,045	12.4	2.8	10.6	6.1	--

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