Lighthouse Canton India

Smell The Coffee

July 2022

2021
ASIAN PRIVATE BANKER
AWARDS FOR DISTINCTION
BEST INDEPENDENT WEALTH MANAGER
WEALTH PLANNING SERVICES

2021
ASIAN PRIVATE BANKER
AWARDS FOR DISTINCTION
BEST INDEPENDENT WEALTH MANAGER
INVESTMENT ADVISORY

LIGHTHOUSE
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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.

Agenda

1. Market Update
2. Monthly Performance Update
3. Investment Opportunities
4. Tactical Calls

Market Update

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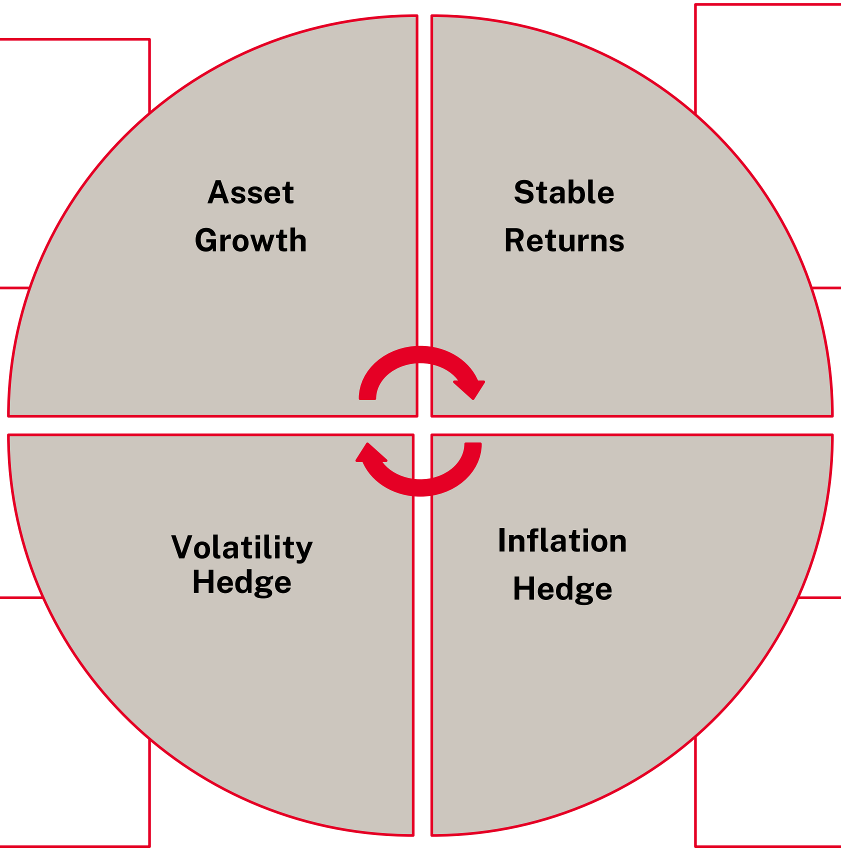
Investment Allocation Framework

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

- Long Only
- Equity Plus Funds
- Overseas Allocation
- PE/VC

- Structured Credit/Venture Debt
- MLDs
- Real Estate Fund
- Fixed Income Funds



- Debt Plus Funds
- Dynamic Asset Allocation Fund

- Gold
- Commodity

Macro Update

- **“R” fears accentuating – The Atlanta FED nowcast model is predicting that in Q2 2022, US would see a negative growth rate.** Though this is not a technical definition, but in the past, two consecutive quarters of negative growth indicate that we were in a recession.

- **Tightening during economic downturn – Based on the FED Fund futures, market expectation is of 7 more rate hikes till the end of the year 2022. Some of the FED officials are stressing on keeping the policy stance restrictive to control inflation.** Post Q1 2023, market expectation is of 2 rate cuts up until Dec 2023.

- **European Central Bank (ECB) reiterates commitment to tame inflation –** In the ECB annual meeting of June 2022, ECB president Christine Lagarde assured on being prepared to raise interest rates faster if required to control inflation. On the growth front, she stated that while ECB has revised growth lower in the next 2 years, she still expects growth to be positive this year due to domestic buffers against the loss of growth momentum. **Forward rates (OIS) are now pointing towards less hawkish market expectation with respect to the no. of rate hikes in Eurozone by Mar 2023 because of growth slowing down. EURUSD is now trading very close to parity.**

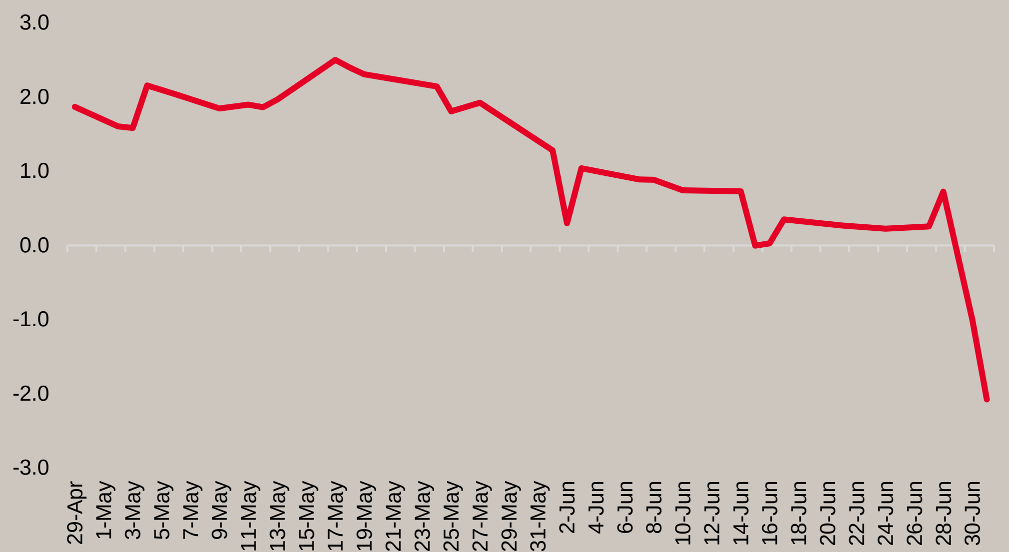
- **More clarity needed on “Anti Fragmentation” policy of ECB –** Concerns on high debt levels and financial conditions tightening has led to bond yields in countries like Italy, Spain, etc skyrocket – **risk of fragmentation weighting on investor sentiment.** ECB officials had conducted an adhoc meeting in June to discuss on tools to tackle fragmentation risk – policy to provide flexibility of reinvesting redemptions from Pandemic Emergency Purchase Program (PEPP) into bonds of weaker economies to contain borrowing costs. Further details are awaited in the next ECB meet.

- **India’s external sector pressures showing up – High crude prices and relatively strong domestic demand weighed on June trade deficit at $25.6bn. With risks of global slowdown and commodity price correction, there are near term headwinds for exports.** Government ban on wheat exports and export duty hikes on metals could have led to lower exports in June.

- **Other high frequency indicators reflect an optimistic growth scenario in June 2022 – GST revenues were second highest at 1.44 lac crs. Purchasing Managers Index for Services** rose to 59.2 – **highest level since April 2011** compared with 58.9 in May 2022. **As on 1st July 2022, bank credit growth rose to 13.2% vs 5.8% as on 2nd July 2021** as we see a shift for corporate credit demand from bond market to banks (yields of 3-year AA corporate bond is higher than MCLR making bank borrowing more favorable).

- **Investors are encouraged to have their eyes on macros and mind on asset allocation – Calibrate investment decisions by carefully monitoring economic and geopolitical data points and its knock-on effects and create a well diversified portfolio.**

Q2 2022 Atlanta FED’s GDP Nowcast model



Data Source – Atlanta FED | Data as on 1st July 2022

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Equity Market Update

- **Wait for clarity from 3Rs -** We would wait to get clarity with respect to chances of **recession** in US (hiking rates in a slowing economy is a way to re-engineer recessionary outcome), **rates** (a function of inflation) and **risk** (volatility coming down) before recommending lump sum investments in equities.

- **Another month of downside and continuous selling by FIIs -** Nifty declined by ~4.8% in June 2022 and closed at 15780. **Foreign Institutional Investors (FIIs)** were net sellers in June and trimmed significant positions worth INR 58,112 cr. – **net sellers for 9 consecutive months**. On the other hand, **Domestic Institutional Investors (DIIs) remained net buyers for 16 consecutive months** and have added INR 46,599 cr. in June.

- **Weak performance across all sectors but "one" –** All sectors except Autos have ended the month in negative. Nifty Metal, Nifty Media, Nifty Realty and Nifty IT were the biggest laggards. **Expectations of revival in demand*, drop in commodity prices, recovery in context to chip shortage, and stabilization of margins per unit of vehicle (reference: Q4FY22) helped to drive the stock prices for Auto companies.**

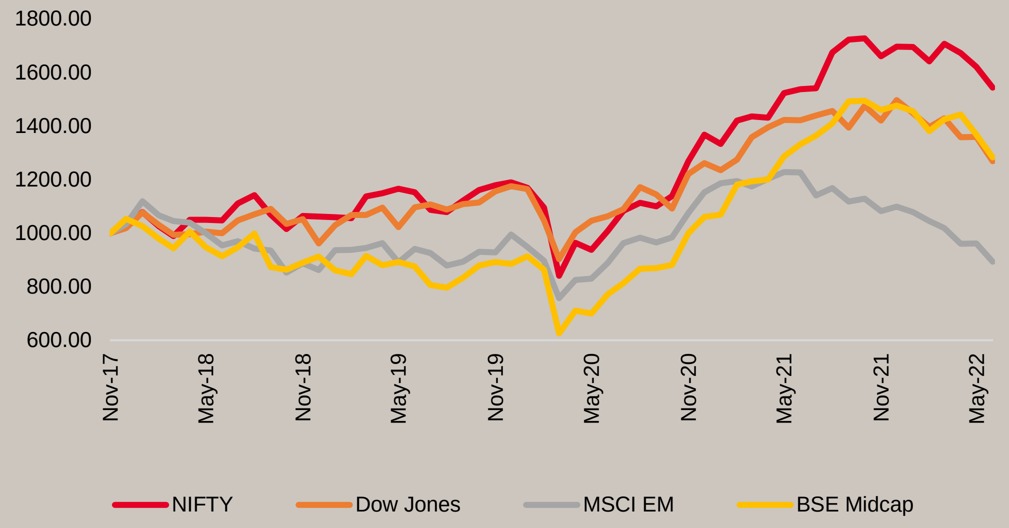
- **Q4FY22 earnings update –** Divergent trends across sectors primarily due to rising raw material prices – Sectors like Banks, Tech not directly being impacted whereas sectors like Cement, Consumer Durables being directly impacted. Nifty 50 Sales/EBITDA/PAT growth was at 23%/16%/21% on YoY basis (Source – MOSL). **Q1FY23 results season would commence shortly.**

- **Focus on selective themes -** We continue to focus on funds which benefit from domestic growth led by government spending and policies and selective export opportunities or transformation to war economy and **recommend our investors to add to equities in three stages – current, Nov 2022 and around Mar-April 2023.** Investors could also have 6-month staggered approach – one tranche each month.

- **Risk profile of an investor should be the key driver for equity allocation - As we expect equity markets to be volatile this year, thus we would recommend allocation to equities should be consistent with the risk profile of an investor and the holding period should be 3-5 years.**

* June auto sales – PV reported recovery in volumes, CV did well on YoY basis primarily because of lower base effect and opening of economy, Tractor performance was better than previous months and 2Ws continues the struggle, but demand revival expected in coming months

Equity Index Performance



Month	NIFTY	Dow Jones*	MSCI EM*	BSE Midcap
June-22	-4.85%	-6.71%	-7.15%	-6.18%
May-22	-3.03%	0.04%	0.14%	-5.22%
Apr-22	-2.07%	-4.91%	-5.75%	1.29%

Data Source – Bloomberg | *Returns calculated based on USD Values

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Fixed Income Market Update

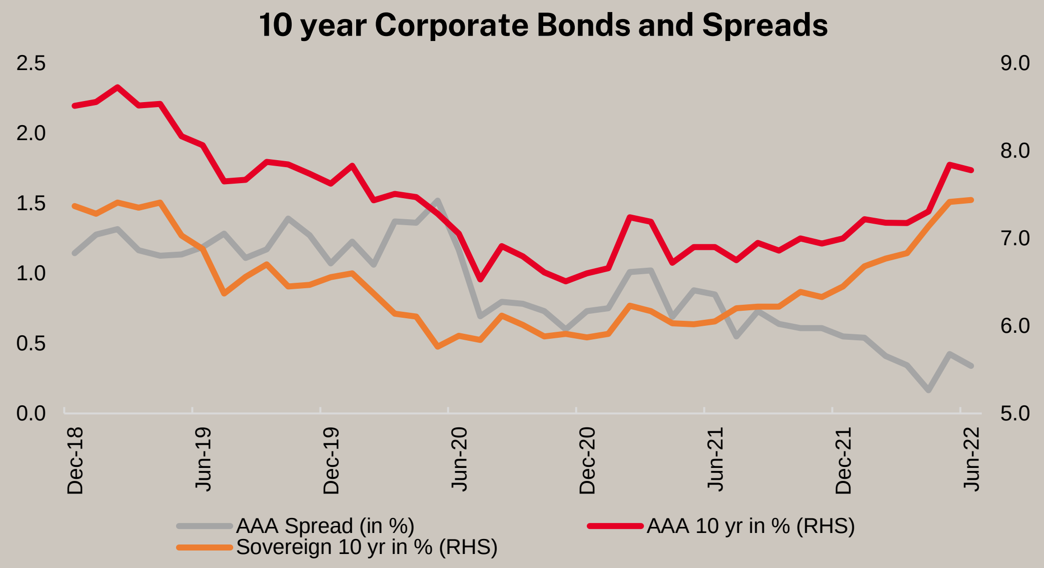
- **Bond markets gets a brief respite in July –** Although the 10-year bond yield inched up marginally in June 2022 by 3 bps vs May 2022, but **the market started the July month with a respite**. Yields dropped down to 7.39% (as on 5th July 2022), **primarily because of steep correction in crude oil prices and US 10-year treasury yield also going below 3% (primary on account of recession fears).**

- **Government measures should help to improve finances – The levy of cess/duty on production of crude petroleum and exports of diesel, petrol and ATF will help to boost government's revenue and offset losses of excise duty cuts on petrol and diesel (around May 2022)**. The estimated tax windfall could be around ~Rs 990bn (if the levy/duty is extended till financial year end, Source – Kotak Economics).

- **Recent drop-in commodity prices boon for low inflation –** Growth concerns around the world has led to sharp correction in commodity prices. **Most notable here from our CPI standpoint is the drop in international edible oil prices (India imports >60% of its edible oil requirements).**

- **What to expect –** We continue to believe that the direction of yields going forward would be dictated by factors like policy tightening across economies (chief being US), demand environment, inflation outlook and support to government borrowing program from RBI. **Although the yields have come down in last few days, but we expect the longer end of the curve to be volatile until we get clarity on some of the above-mentioned factors.**

- **Invest in Short term/Roll downs and/or Credit opportunities funds - Investors could look to invest in short term bond funds as upward move in yields especially in last few months makes the 1–3-year segment attractive. Investors who are looking for visibility of returns could invest in high quality roll down strategies across 2-5 years duration. Investors could also look to invest in well managed credit funds (on AIF platform) where the focus is on capital preservation and current income.**



Month	AAA 10 yr (in %)	Sov. 10 Yr (in %)	AAA Spread (in bps)
June-22	7.78	7.44	44
May-22	7.84	7.41	43
Apr-22	7.30	7.14	16
Mar-22	7.17	6.83	34
Feb-22	7.18	6.77	41

Data Source – Bloomberg

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Alternatives Assets Update

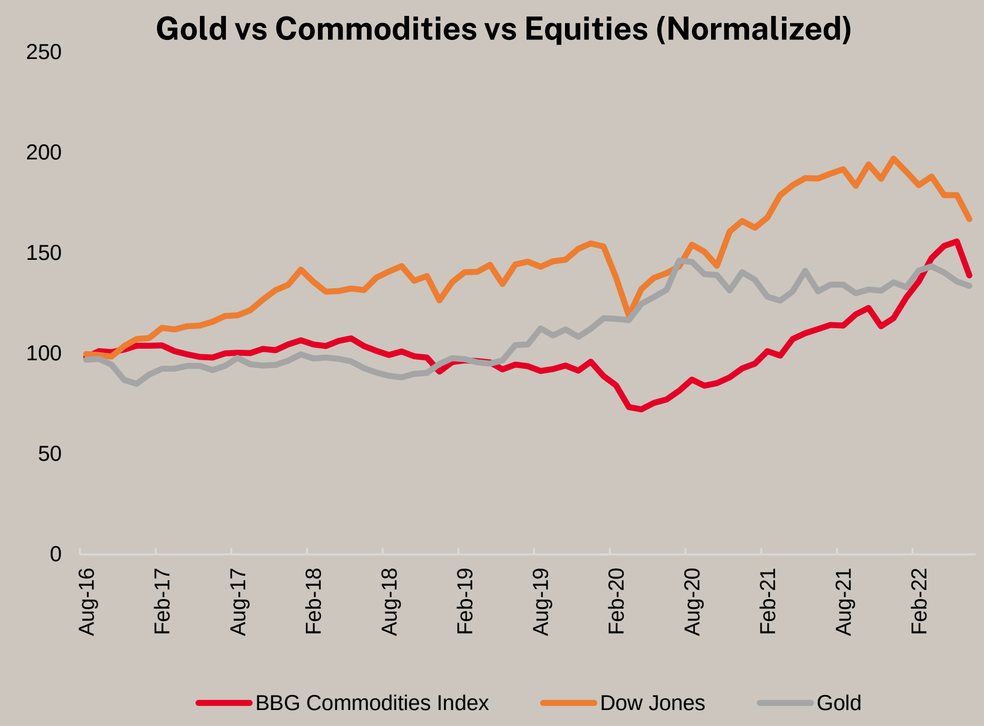
- **Macro developments has been in the driving seat –** Last month in June 2022, we have seen most of the commodities showing negative returns. **The decline is on account of consumer sentiments across economies are at historic lows and fears of recession (in Europe, US) have accentuated.**

- **Price correction has continued in July –** Commodities especially oil suffered a brutal sell off in the first week of July prompting concern of "Boom and Bust" cycle which we had seen in 2008. **On 5th July 2022, Brent oil corrected by more than $10 – 3rd largest plunge since the launch of Brent oil futures market since 1988. On the other hand copper prices which are a strong gauge for pick up in industrial activity has now corrected to 19 month low.**

- **Commodities likely to remain a speculative asset – We continue to hold the view that commodities especially crude is likely to remain speculative in the near term because of headwinds both on the demand and supply side -** supply side issues due to Russia Ukraine conflict, uncertainties around overall inventory levels and production numbers from OPEC+ and demand side issues due to delayed recovery in China, global growth slowdown, etc. **Barring the short term speculation, from medium to long term basis, we remain constructive on metals and energy on account of higher infrastructure spending and drive towards clean energy.**

- **Gold should be a constant segment in one's portfolio –** Gold has remained flat in the first 6 months of this year. The flattish performance is despite faster than expected policy normalization by most of the global central bankers which has led to real rates inching higher (historically gold prices exhibit negative correlation with real rates) and rise in USD. **Allocation to gold on declines from a long term perspective would help one to hedge against any economic uncertainty because of geopolitical factors, hedge against rise in inflation and de-dollarization.**

- **Recommend PE/VC exposure –** 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

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Monthly Performance Update

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Select Absolute Return Funds and Benchmark Indices

Debt Plus Funds

Fund	Platform	Jun-22	May-22	Apr-22		3M	6M	1Y	2Y	3Y
ICICI Prudential Long Short	AIF	1.1%	0.6%	0.4%		2.0%	4.2%	9.6%	19.8%	15.4%
Whitespace Debt Plus	AIF	0.4%	-4.0%	0.7%		-3.0%	-0.1%	8.5%	13.5%	
Estee I-Alpha	PMS	0.8%	0.9%	0.8%		2.6%	4.6%	9.3%	9.4%	11.4%
Alpha Alt MSAR	AIF	0.6%	0.2%	2.6%		3.4%	5.2%	12.3%	12.8%	11.3%
Avendus Abs Return Fund	AIF	0.6%	1.0%	1.3%		2.9%	4.1%	14.1%	12.9%	11.0%

Benchmark Indices

Fund		Jun-22	May-22	Apr-22		3M	6M	1Y	2Y	3Y
Nifty 50		-4.8%	-3.0%	-2.1%		-9.6%	-9.1%	0.4%	23.8%	10.2%
BSE500		-5.2%	-4.5%	-0.6%		-10.0%	-10.4%	-0.7%	26.0%	11.7%
BSE Mid Cap		-6.2%	-5.2%	1.3%		-9.9%	-13.0%	-3.6%	29.0%	13.6%
BSE Small Cap		-6.0%	-7.8%	1.4%		-12.2%	-15.8%	-1.8%	41.5%	20.3%
CRISIL Liquid Fund Index		0.4%	0.3%	0.3%		1.0%	2.0%	3.8%	3.8%	4.5%
Nifty Bank		-5.8%	-1.7%	-0.8%		-8.1%	-5.8%	-3.9%	25.1%	2.4%
MSCI EM Index*		-7.1%	0.1%	-5.7%		-12.4%	-18.8%	-27.2%	0.3%	-1.8%
Nifty 50 Arb Index		0.2%	0.5%	0.4%		1.1%	2.0%	3.6%	3.5%	3.8%

Performance as of 30th June, 2022 | * Returns computed on USD values

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Select Long Only PMS/AIF Strategies

Long Only Funds

Fund	Platform	Jun-22	May-22	Apr-22		3M	6M	1Y	2Y	3Y
LC SageOne Select	PMS	-9.1%	-8.1%	1.4%		-15.3%	-19.3%	-2.5%	44.4%	25.6%
Vallum India GARP Advantage	PMS	-5.9%	-8.2%	-0.7%		-14.2%	-15.4%	-5.7%	38.6%	23.1%
White Oak India Pioneers	PMS	-4.9%	-5.5%	-3.0%		-12.8%	-15.7%	-5.4%	25.8%	16.5%
SageOne Small Cap	PMS	-8.5%	-9.3%	3.1%		-14.4%	-18.9%	-0.7%	53.7%	35.7%
Marcellus Cons. Compounders	PMS	-6.6%	-6.6%	-0.2%		-12.9%	-18.9%	-9.5%	17.3%	17.3%
Alchemy High Growth Select Stock	PMS	-5.2%	-5.8%	-2.7%		-13.1%	-12.2%	5.1%	32.3%	10.1%
Marcellus Kings Of Capital	PMS	-8.6%	-3.4%	-3.1%		-14.4%	-14.8%	-15.9%	5.9%	
Abakkus All Cap Approach	PMS	-7.3%	-6.9%	-0.1%		-13.8%	-16.6%	-3.1%		
Oaks ABC Portfolio	PMS	-7.6%	-4.0%	1.6%		-9.9%	-2.5%	5.1%		
Carnelian Shift - PMS	AIF/PMS	-4.1%	-4.8%	0.2%		-8.5%	-16.6%	-3.2%		
Axis Contra Fund	PMS	-2.3%	-5.1%	-2.4%		-9.5%	-11.1%	5.7%	40.1%	
Abakkus Emerging Opportunities	PMS	-7.6%	-10.7%	2.7%		-15.3%	-18.9%	-5.9%		
Aurum Small Cap Opportunities	PMS	-1.3%	-8.1%	-2.0%		-11.1%	-12.2%	-9.2%	56.4%	22.2%
Alchemy Leader of Tomorrow Series II*	AIF	-4.6%	-5.0%							

Equity Plus Funds

Fund	Platform	Jun-22	May-22	Apr-22		3M	6M	1Y	2Y	3Y
Whitespace Equity Plus	AIF	-4.7%	-6.5%	-1.8%		-12.4%	-9.7%	7.2%	42.8%	
Avendus Enh Retrn Fund - II	AIF	-7.0%	-0.6%	-4.0%		-11.2%	-13.6%	-1.2%	17.4%	11.1%

Performance as on 30th June, 2022

* The first closing for Alchemy Leaders of Tomorrow (ALOT) Series-II fund was 14th Feb 2022. However, month on month returns are reported from May 2022 since a large portion of the capital was held in cash during this period which was deployed over past few months.

Select Mutual Funds

Mutual Funds

Fund	Segment	3 M	6 M	1 Y	2 Y	3Y
Mirae Asset Large Cap Fund	Large Cap	-6.91%	-9.36%	1.25%	22.74%	11.91%
ICICI Pru Bluechip Fund	Large Cap	-7.31%	-7.54%	5.65%	24.81%	12.61%
Kotak Emerging Equity Fund	Mid Cap	-7.18%	-8.01%	3.60%	35.97%	20.77%
PGIM India Midcap Opp Fund	Mid Cap	-6.71%	-10.53%	7.95%	45.38%	31.06%
Canara Rob Emerg Equities Fund	Large & Mid Cap	-7.50%	-11.47%	0.88%	27.45%	16.52%
Mirae Asset Emerging Bluechip	Large & Mid Cap	-7.33%	-10.74%	1.00%	28.75%	18.49%
Kotak Equity Opp Fund	Large & Mid Cap	-8.12%	-7.65%	1.77%	24.82%	15.25%
SBI Large & Midcap Fund	Large & Mid Cap	-7.41%	-8.25%	2.18%	29.89%	15.60%
L&T Emerging Businesses Fund	Small Cap	-9.42%	-12.05%	9.56%	49.13%	21.20%
DSP Small Cap Fund	Small Cap	-9.94%	-10.34%	7.29%	42.86%	23.51%
Nippon India Small Cap Fund	Small Cap	-9.24%	-10.25%	8.70%	50.39%	26.84%
Parag Parikh Flexi Cap Fund	Flexi Cap	-10.49%	-11.14%	3.44%	26.65%	21.30%
HDFC Flexi Cap Fund	Flexi Cap	-6.34%	-2.15%	10.04%	33.24%	12.14%
Kotak Flexicap Fund	Flexi Cap	-8.77%	-10.24%	-1.99%	19.99%	9.95%
Franklin India Focused Equity Fund	Focused	-6.06%	-7.18%	4.20%	30.55%	13.33%
Aditya Birla SL Focused Equity Fund	Focused	-7.86%	-9.98%	1.23%	22.44%	11.46%
Nippon India Focused Equity Fund	Focused	-6.22%	-3.97%	6.28%	32.90%	15.69%
Sundaram Multi Cap Fund	Multi Cap	-10.08%	-12.18%	4.50%	29.63%	14.97%
Invesco India Multicap Fund	Multi Cap	-8.57%	-14.69%	-4.43%	26.28%	14.64%
ICICI Pru Value Discovery Fund	Value	-7.93%	-2.88%	11.42%	32.03%	18.41%
ICICI Pru Balanced Advantage Fund	Balanced Advantage	-1.22%	-0.26%	6.24%	16.41%	10.86%
Edelweiss Balanced Advantage Fund	Balanced Advantage	-5.23%	-6.35%	1.25%	16.10%	12.65%
Edelweiss Arbitrage Fund	Arbitrage	0.93%	1.81%	3.66%	3.65%	4.27%
ICICI Pru Multi-Asset Fund	Multi-Asset	-5.22%	0.33%	15.40%	28.23%	15.78%

Performance as on 07th July, 2022; Returns less than 1 year are absolute

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Investment Opportunities

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Long Only Equity : Carnelian Shift Strategy

- Long only, multi-cap, thematic strategy designed to capture two major structural shifts in Indian economy namely, manufacturing and technology.
- The investment style constitutes of 3 factors:
    - Mainly targeting mid cap & small cap companies with existing core competence/niche capability along with strong BS, governance and return ratios.
    - 2/3rd of the strategy will focus on manufacturing and 1/3rd on technology.
    - Fundamental growth driven investing; bottom-up stock picking.
- **Unique & unconventional blend of companies -Magic (accelerated growth), Compounder (stable growth) & Opportunistic.**
- **Apply stringent Carnelian filters & forensic checks (CLEAR framework).**

General information	
Fund Name	Carnelian Shift Strategy
Fund Management Firm	Carnelian Asset Advisors Pvt Ltd
Fund Managers	Manoj Bahety / Sachin Jain
Ref Index	BSE 500
Category	PMS/AIF
Sub-Category	Long Only, Multi cap, thematic strategy
Fee	**2.25% Management Fee**
	1.50% Management Fees + 15% performance fee over 10% hurdle rate
	0% Management Fees + 20% performance fee

Track record

Month	Fund	Index
Jun-22	-4.1%	-5.2%
May-22	-4.8%	-4.5%
Apr-22	0.2%	-0.6%
Mar-22	5.5%	4.2%
Feb-22	-6.4%	-4.1%
Jan-22	-7.7%	-0.4%

Period	Fund	Index
3 Months	-8.5%	-10.0%
6 Months	-16.6%	-10.4%
1 Year	-3.2%	-0.7%

	Fund	Index
Returns	39.1%	21.6%
Volatility	22.0%	15.2%
Sharpe	1.504	1.028

* Fund inception in Oct 2020
* Data as of 30th June 2022

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Long Only Equity : Axis Pure Contra Portfolio

- Axis Pure Contra Fund is an opportunistic strategy that is built on the 'Value' and 'Momentum' framework that strives to generate returns by identifying and capitalizing on the mispricing in the market.
- Apart from utilizing the 'Value' and 'Momentum' framework, the Contra fund also explores special situations to generate additional alpha for the portfolio.
- The fund implements a variety of quantitative and qualitative frameworks based on 'top-down' and 'bottom-up' approaches to decide sector allocation and stock selection. Thus, the fund not only utilizes style plays but also focuses on sector rotation themes to generate returns.
- **The fund also emphasizes on the special situation such as delisting, buyback, court verdicts, mergers, acquisitions, large dividend payouts and other plays which can be exploited to generate significant alpha.**

General information	
Fund Name	Axis Pure Contra Portfolio
Fund Management Firm	Axis Securities
Fund Managers	Nishit Master/ Naveen Kulkarni
Ref Index	BSE 200
Category	PMS
Sub-Category	Long Only, Multi cap
Fee	**2.5% Management Fee**

Track record

Month	Fund	Index
Jun-22	-2.3%	-5.1%
May-22	-5.1%	-4.1%
Apr-22	-2.4%	-0.7%
Mar-22	3.4%	4.0%
Feb-22	-5.4%	-3.5%
Jan-22	0.5%	-0.3%

Period	Fund	Index
3 Months	-9.5%	-9.7%
6 Months	-11.1%	-9.6%
1 Year	5.7%	-0.1%
Returns	41.8%	28.5%
Volatility	17.5%	15.2%
Sharpe	2.043	1.485

* Fund inception in July 2020
* Data as of 30th June 2022

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Long Only Equity : Vallum India GARP Advantage

- The team has extensive experience having returned a staggering 27% over the last ~12 years and have been able to make selective picks across the market cap horizon, focusing on concentrated value bets that play out in the longer run.
- Analysis of the businesses is based on fundamental principles and earnings cycle.
- They have a track record of identifying structural growth stories in the past. Targeted portfolio plan consists of 50% core longs (high quality, high conviction and potential "eternal" holdings), 25% tactical (more quality vs core, enhanced price target discipline) and 25% in opportunistic (asymmetric payoff potential).

General information	
Fund Name	Vallum India GARP Advantage
Fund Management Firm	Vallum Capital
Fund Managers	Manish Bhandari/Madhusudan Sarda
Ref Index	BSE Midcap Index
Category	PMS
Sub-Category	Long Only - Mid/Small Cap
Fee	**1.5% + 15% above hurdle rate of 10% annualized after 3 years**

Track record

Month	Fund	Index
Jun-22	-5.9%	-6.2%
May-22	-8.2%	-5.2%
Apr-22	-0.7%	1.3%
Mar-22	6.5%	3.2%
Feb-22	-9.3%	-5.1%
Jan-22	2.1%	-1.4%

Period	Fund	Index
3 Months	-14.2%	-9.9%
6 Months	-15.4%	-13.0%
1 Year	-5.7%	-3.6%
3 Years	23.1%	13.6%
5 Years	13.7%	8.2%
Returns	25.6%	12.5%
Volatility	23.4%	20.5%
Sharpe	0.839	0.316

- Data as of 30th June 2022
- Inception is in October 2011
- Returns are for Vallum India Discovery Fund Inception Date for GARP Advantage Fund is Sep 2020

LIGHTHOUSE CANTON

Long Only Equity : LC SageOne Select Stock Portfolio

- **LC SageOne Select Stock Portfolio is an exclusive strategy created for clients of Lighthouse Canton India**, based on SageOne's flagship core and small/mid cap portfolios that have delivered significant alpha over the last 12 years.
- The investment philosophy is based on focused concentrated investing in stocks with high structural growth, profitability and quality management.
- The target market cap range is INR 500-40,000 Crore range.
- The fund management has a buy and hold investment view with low churn and has a good track record in timely entries and exits of portfolio stocks.

General information	
Fund Name	LC SageOne Select Stock Portfolio
Fund Management Firm	SageOne Investment Advisors
Fund Managers	Samit Vartak
Ref Index	BSE500
Category	PMS
Sub-Category	Long Only - Mid/Small Cap
Fee*	**1.75% - 2.5% fixed**
	0.25%-1% + 15% profit share above 10%

Track record

Month	Fund	Index
Jun-22	-9.1%	-5.2%
May-22	-8.1%	-4.5%
Apr-22	1.4%	-0.6%
Mar-22	6.9%	4.2%
Feb-22	-7.5%	-4.1%
Jan-22	-3.7%	-0.4%

Period	Fund	Index
3 Months	-15.3%	-10.0%
6 Months	-19.3%	-10.4%
1 Year	-2.5%	-0.7%
3 Years	25.6%	11.7%
5 Years	17.3%	10.1%
Returns	34.3%	14.6%
Volatility	34.2%	20.2%
Sharpe	0.829	0.424

* Fund inception in June 2020
** Returns are for combined SageOne Core & Small/Micro Cap funds from April 2009 till August 2020
Data as of 30th June 2022

*High water mark applicable
Min Subscription : Rs 2 cr.

LIGHTHOUSE CANTON

Long Only Equity : Alchemy High Growth Select

- Alchemy High Growth Select Stock is a concentrated portfolio aiming at generating long term returns by investing in equities across market capitalization.
- The intention is to bring the stock-picking expertise of the franchise to fore with an ability to pick trends early.
- The managers insist that at least 3-5-year investment horizon (in line with their investment philosophy) is needed to get exposure to returns of a market cycle.
- While a diversified portfolio reduces risk, too much diversification tends to dilute returns unless there is a bull run where the tide lifts all boats. A concentrated portfolio helps to focus more on individual stock performance and returns somewhat reducing the correlation to broad market index returns albeit, over the long run.

General information	
Fund Name	Alchemy High Growth Select
Fund Management Firm	Alchemy Capital Management
Fund Managers	Hiren Ved
Ref Index	BSE 500
Category	PMS
Sub-Category	Long Only – Multi cap
Fee	**2-2.25-2.5% Mgmt. fee(3/5/10 Cr) Fixed**
	1-1.25-1.5% Mgmt. fee (3/5/10 Cr) + 15% of profits over 10% hurdle rate

Track record

Month	Fund	Index
Jun-22	-5.2%	-5.2%
May-22	-5.8%	-4.5%
Apr-22	-2.7%	-0.6%
Mar-22	7.4%	4.2%
Feb-22	-4.7%	-4.1%
Jan-22	-1.3%	-0.4%

Period	Fund	Index
3 Months	-13.1%	-10.0%
6 Months	-12.2%	-10.4%
1 Year	5.1%	-0.7%
3 Years	10.1%	11.7%
5 Years	10.0%	10.1%
Returns	19.3%	14.7%
Volatility	20.9%	20.3%
Sharpe	0.637	0.431

* Fund inception in December 2008
* Data as of 30th June 2022

Min Subscription : Rs 3 cr.

LIGHTHOUSE CANTON

Long Only Equity : Oaks ABC Portfolio

- The key objective of ABC Portfolio is to identify 3-5 key transformative trends which are currently undervalued / under-owned (in major benchmarks and diversified funds) by following an absolute return orientation (higher upside with limited downside).
- The fund structures the portfolio around the mega-trend of India making a shift from a consumer & services driven economy to a more investment led economy with multiple drivers in the coming decade.
- **The mega trend is converted into investable trends and a concentrated portfolio us built around the same.**
- Some of the investable trends are
    - core long term and cyclical opportunities in sectors like manufacturing, real estate, agriculture, etc.
    - special situation opportunities like divestments, asset monetization
    - medium of financing like market infra companies, innovative asset classes, etc.

General information	
Fund Name	ABC Portfolio
Fund Management Firm	Oaks Asset Management
Fund Managers	Debashish Bose
Ref Index	NIFTY 500
Category	PMS
Sub-Category	Long Only, Multi cap
Fee	**2% Fixed Fee** **1.0% + 10% share of returns above 10% hurdle subject to high water mark**

Track record

Month	Fund	Index
Jun-22	-7.6%	-5.2%
May-22	-4.0%	-4.5%
Apr-22	1.6%	-0.7%
Mar-22	6.7%	4.1%
Feb-22	-2.8%	-4.1%
Jan-22	4.3%	-0.5%

Period	Fund	Index
3 Months	-9.9%	-10.1%
6 Months	-2.5%	-10.7%
1 Year	5.1%	-0.6%

	Fund	Index
Returns	16.1%	12.7%
Volatility	16.0%	13.6%
Sharpe	0.628	0.493

* Fund inception in Jan 2020
* Data as of 30th June 2022

LIGHTHOUSE CANTON

Long Only Equity : Aurum Small Cap Opportunities

- With its inception in Dec 2012, the fund is one of the oldest small cap focused PMS in India with a track record of over 9 years. The fund has generated a stellar track record of long-term alpha generation – Returns of ~28% CAGR vs 10% return of NSE SmallCap 100.
- The investment philosophy of the fund is to invest in businesses that have structurally growth tailwinds and are available at reasonable prices (i.e., buy growth at reasonable valuations).
- The fund has a disciplined investment approach centred around 4 pillars –
  - **Ideation and Discovery –** Focus on Macro tailwinds, Brand and Business Revival, etc
  - **Fundamental Evaluation –** 15% CAGR earnings growth visibility, low leverage, sustainable ROCE of 15%+, free cash flow generation, etc
  - **Risk Management –** Selective forensic diligence, periodic management interactions, etc
  - **Conservative Entry Valuation –** Valuation and price guard rail framework

General information	
Fund Name	Aurum Small Cap Opportunities
Fund Management Firm	Nine Rivers Capital
Fund Managers	Sandeep Daga/Vivek Ganguly
Ref Index	NSE SmallCap 100
Category	PMS
Sub-Category	Long Only, Small cap
Fee	**1 cr: 2% Fixed Fee + 20% share of returns above hurdle rate of 10%***
	5 cr and above: 3% Fixed Fee or 0% fixed and 20% performance fee charged annually (no hurdle)

Track record

Month	Fund	Index
Jun-22	-1.3%	-8.3%
May-22	-8.1%	-10.2%
Apr-22	-2.0%	-1.7%
Mar-22	9.7%	6.0%
Feb-22	-10.1%	-11.4%
Jan-22	0.1%	-1.5%

Period	Fund	Index
3 Months	-11.1%	-19.1%
6 Months	-12.2%	-25.2%
1 Year	-9.2%	-13.2%
3 Years	22.2%	10.9%
5 Years	10.8%	2.9%

Returns	27.4%	9.0%
Volatility	27.4%	27.2%
Sharpe	0.780	0.112

Fund inception in Dec 2012
Data as of 30th June 2022

Min Subscription : Rs 1 cr. Exit load applicable – 3%/2%/1%
* Performance fee charged on returns at the time of redemption or on completion of 5 years from the date of investment date

LIGHTHOUSE CANTON

“Bucketing” of Long Only Equity Strategies

Investment Ideas

- **Benefit from Domestic Growth and Export Opportunities**
  - Carnelian Shift
  - Axis Pure Contra** (very actively managed fund)
- **Long Term Consistent Performance**
  - Vallum Garp Advantage
  - LC SageOne Select
  - Alchemy High Growth Select
  - Aurum Small Cap Opportunities
- **Transformation to “war economy*”**
  - Oaks ABC Fund

**War economy is the organization of a country's production capacity and distribution during a time of conflict. Governments must choose how to allocate their country’s resources very carefully in order to achieve military victory while also meeting vital domestic consumer demands – Source Investopedia*

*** Also invests in special situation opportunities*

LIGHTHOUSE CANTON

High Yield Debt : True North Credit Opportunities Fund I

- The fund seeks to deliver superior risk adjusted returns with sharp focus on capital preservation and current income by offering flexible capital solutions to well governed, under served middle market companies.
- Ability to reinvest 100% proceeds received within 18 months from Final Close.
- Investments will be in senior secured/Opco Mezzanine Structurally subordinated debt.
- The fund will be sector agnostic with focus on Healthcare, Technology, Consumer, Financial Services etc.
- Security would typically be Fixed & current assets, shares, personal guarantees etc.
- Targeted Gross Returns: 16% to 18% (Source – Fund presentation)

General information	
Fund Name	True North Credit Opportunities Fund
Fund Management Firm	True North
Fund Managers	True North Managers LLP
Category	AIF – CAT II
Sub-Category	Credit Fund
Underlying Investments	Senior secured/Opco Mezzanine/ Structurally subordinated debt
Tenure	6 Years from final close
Income Distributions	Quarterly
Drawdown	In the first 3 years
Fee	**1.5% p.a. for commitment amount greater than or equal to INR 10 crore, 1.75% p.a. for commitment amount between INR 5 crore and less than 10 crore, 2.0% p.a. for commitment amount between INR 1 crore and less than INR 5 crore**
	Hurdle Rate– 11% IRR Carried Interest – 15% with full catch up

High Yield Debt : Vivriti Alpha Debt Fund

- Vivriti Alpha Debt Fund is CRISIL AA+ (SO) rated fund
- The Fund seeks to provide superior risk-adjusted return from investments in debt instruments/ securities issued by midmarket corporates in India.
- The Fund aims to generate interest income and capital appreciation for its investors by investing in debentures including non-convertible and market linked debentures.
- Proposed investment structure is as given below:
    - Listed MLDs: up to 50%
    - Unlisted MLDs: up to 40%
    - Unlisted NCDs: up to 10%
- Loss protection of 10% on outstanding principal through Sponsor's participation in sub-ordinated tranche.
- Target Portfolio Gross Yield: 11.50% XIRR (Source – Fund presentation)

General information	
Fund Name	Vivriti Alpha Debt Fund (a.k.a Vivriti Wealth Optimizer Fund)
Fund Management Firm	Vivriti Asset Management Private Limited
Fund Managers	Soumendra Ghosh, Mohamed Irfan
Category	AIF – CAT II
Sub-Category	Credit Fund
Underlying Investments	Senior secured MLDs and Senior Secured NCDs
Tenure	3 years and 6 months from final close
Fee	**Class A1 – 1.50% p.a. charged only on drawdowns**
	Hurdle Rate– 9.35% IRR **Fund does not have concept of carry or performance fees. However, fund will split residual amount in ratio of 90:10 between investors & sponsor**

LIGHTHOUSE CANTON

Recommended Debt Mutual Funds :

- We prefer to invest in short term bond funds and high quality roll down/target maturity funds across 2-5 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.
- 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.

Fund	AUM	Mod Duration	Net YTM	Returns in %					Ratings
				1M	3M	6M	1Y	3Y	SOV/ AAA/ Cash
SBI Short Term Debt Fund	11,159	1.09	5.46	0.7	(0.1)	1.0	2.9	6.0	81.3
IDFC Bond Fund - Short Term Plan	10,297	2.18	5.80	1.0	(0.6)	0.4	2.3	5.9	100.0
ICICI Pru Short Term Fund	15,492	2.30	5.79	0.9	0.4	1.2	3.3	6.7	82.8
Bharat Bond ETF - April 2025	9,953	2.35	7.11	1.2	(1.3)	(0.1)	2.8	-	100.0
DSP Corp Bond Fund	2,398	3.68	6.75	1.3	(1.8)	(0.7)	0.9	5.6	100.0
IDFC CRISIL Gilt 2027 Index Fund	4,348	3.87	6.88	1.4	(1.3)	(0.7)	2.0	-	100.0
IDFC CRISIL Gilt 2028 Index Fund	1,728	4.31	6.94	1.4	(1.1)	(0.7)	2.1	-	100.0
L&T Triple Ace Bond Fund	7,220	4.71	6.75	1.4	(1.2)	(0.5)	2.2	6.5	100.0
Bharat Bond ETF - April 2031	10,505	6.05	7.62	1.5	(2.0)	(0.8)	2.0	-	100.0

- Data Source – ACE MF
- Performance is shown on annualized basis beyond 1 year
- Returns as of 07th July, 2022

Global Investment : LC Global Select SP - Growth

- 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 reduce volatility by diversifying portfolio with up to 20 high quality global fund managers that have low beta to broader markets and lower downside risk and yet deliver equity type returns.
- The key tenets for the fund are
    - Access to world class fund managers across assets classes and geographies.
    - Portfolio rebalancing in terms of asset allocation depending on market cycles.

General information	
Fund Name	LC Global Select SP - Growth
Fund Management Firm	Lighthouse Canton Pte - Singapore
Fund Managers	Antoine Bracq
Ref Index	Eurekahedge Fund of Fund 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
Jun-22	-0.3%	-2.4%
May-22	-0.6%	-0.6%
Apr-22	0.5%	-0.7%
Mar-22	-1.0%	0.7%
Feb-22	-0.9%	-0.7%
Jan-22	-0.1%	-2.6%

Period	Fund	Index
3 Months	-0.4%	-3.6%
6 Months	-2.3%	-6.1%
1 Year	0.3%	-4.1%

Fund Category	Weight*
Global Equity L/S	27.12%
APAC Equity L/S	30.12%
Long CDS	5.20%
Macro Rel. Value	6.28%
Merger and Spac Arb	8.04%
Credit L/S	3.35%
Multi Strategy	9.73%
Vol. Rel. Value	10.15%

- Return as of Jun, 2022
- Inception in December, 2020
- Returns in USD

* Weight bifurcation as on May 2022

LIGHTHOUSE CANTON

Venture Capital : LC Nueva Fund

A Unique Platform for Investing in India's Start- Up Economy

- **Investing alongside Clients**
  25% of LC Nueva AIF's fund commitment will come from the sponsor and management team.

- **Lean Management Fee structure**
  Lean management fee structure especially designed for return maximization.

- **Experienced Team with Long Standing Track Record**
  Investments team led by Sohil Chand (ex-India head of Norwest Venture Partners) with long-standing track record of identifying future winners early.

- **Investing in Early-Stage Businesses**
  The fund will primarily invest in early-stage businesses, typically in pre-Series A or Series A rounds.

- **Sector Agnostic Approach**
  Sector-agnostic approach but with a proclivity towards health-tech, consumer-tech, fintech & education-tech businesses, steering clear of capital-intensive businesses.

General information	
Fund Name	LC Nueva AIF
Fund Management Firm	LC Nueva Investment Partners LLP
Fund Managers	LC Nueva Investment Partners LLP
Category	AIF – CAT II
Sub-Category	Venture Capital Fund
Underlying Investments	Early Stage Venture Equity
Tenure	8 Years from final close
Income Distributions	NA
Drawdown	3 years
Fee	**0.5% p.a. for commitment amount greater than INR 5 crore, 1% p.a. for commitment amount between INR 1 crore to 5 crore,**
	Hurdle Rate– 8% IRR Carried Interest – 20% with full catch up

LIGHTHOUSE CANTON

Tactical Opportunities

4

Debt Plus : Estee I-Alpha

- Estee Advisors is India's leading systematic traders in India with ***low latency algorithmic trading*** capability.
- Through smart algorithms, they are able to latch on to arbitrage opportunities between index futures and its constituents.
- Operationally, 99% funds are pooled together by the clearing entity into Fixed Deposits or is invested with their treasury.
- Remaining 1% is held as cash to meet daily MTM margin obligations. The pooled FDs are used as margin for the arbitrage trades.
- About 50-60% of the returns come from interest income while the rest comes in from arbitrage trading.

General information	
Fund Name	Estee I-Alpha
Fund Management Firm	Estee Advisors
Fund Managers	Estee Advisors
Ref Index	NIFTY 50 Arbitrage Fund Index
Category	PMS
Sub-Category	Long Short – Market Neutral
Fee	**2.5% fixed**
	1% + 35% performance over Deposit Rate

Track record

Month	Fund	Index
Jun-22	0.8%	0.2%
May-22	0.9%	0.5%
Apr-22	0.8%	0.4%
Mar-22	0.8%	0.1%
Feb-22	0.6%	0.4%
Jan-22	0.6%	0.4%

Period	Fund	Index
3 Months	2.6%	1.1%
6 Months	4.6%	2.0%
1 Year	9.3%	3.6%
3 Years	11.4%	3.8%
5 Years	11.5%	4.4%
Returns*	13.5%	6.01%
Volatility	1.3%	0.9%
Sharpe	5.772	0.013

- Data as of 30th June 2022
- Inception in October, 2009

*Returns have been calculated from May, 2010

LIGHTHOUSE CANTON

Equity Plus : Whitespace Alpha Fund I

This fund parks 95-99% capital in Nifty Bees and uses that as margin for running arbitrage strategies using futures and options with the aim to create a sustainable return of ~8-9% 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 Futures and Options contracts of stocks and indices, driven by spreads, volumes, volatility and OI.
- **Statistical Modelling –** option strategies like box, butterfly, etc; run correlation models, plot price curve and build expectations around price of security and take hedged calls.

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% + up to 5% alpha: 10% of alpha** **2% + up to 10% alpha: 20% of alpha** **2% + up to 15% alpha: 30% of alpha** **2% + up to 20% alpha: 40% of alpha or else>=20% alpha: 50% of alpha**

Track record

Month	Fund	Index
Jun-22	-4.7%	-4.8%
May-22	-6.5%	-3.0%
Apr-22	-1.8%	-2.1%
Mar-22	5.1%	4.0%
Feb-22	-2.9%	-3.2%
Jan-22	1.1%	-0.1%

Period	Fund	Index
3 Months	-12.4%	-9.6%
6 Months	-9.7%	-9.1%
1 Year	7.2%	0.4%
2 Years	42.8%	23.8%

	Fund	Index
Returns	28.3%	12.3%
Volatility	23.5%	22.6%
Sharpe	0.949	0.278

- Data as of 30th June 2022
- Inception in October, 2019

* Performance fee is without catch up

LIGHTHOUSE CANTON

Debt Plus : Whitespace Alpha Fund II

This fund parks 95-99% capital in liquid funds (only AAA/AA+ rated schemes and across fund houses for diversification) 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 Futures and Options contracts of stocks and indices, driven by spreads, volumes, volatility and OI.
- **Statistical Modelling –** option strategies like box, butterfly, etc; run correlation models, plot price curve and build expectations around price of security and take hedged calls.

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% + 1% performance if alpha up to 7.5%**
	2% + 2% performance if alpha up to 15%
	2% + 3% performance if alpha above 15%

Track record

Month	Fund	Index
Jun-22	0.4%	0.4%
May-22	-4.0%	0.3%
Apr-22	0.7%	0.3%
Mar-22	1.0%	0.3%
Feb-22	0.4%	0.3%
Jan-22	1.6%	0.3%

Period	Fund	Index
3 Months	-3.0%	1.0%
6 Months	-0.1%	2.0%
1 Year	8.5%	3.8%
2 Years	13.5%	3.8%
Returns	14.4%	4.3%
Volatility	4.0%	0.3%
Sharpe	2.112	--

- Data as of 30th June 2022
- Inception in October, 2019

* Alpha is when the fund exceeds the benchmark (91D Treasury bond yield minus 50 bps)

LIGHTHOUSE CANTON

Debt Plus : ICICI Prudential Long Short Fund

- 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 6-7% 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

General information	
Fund name	ICICI prudential long short fund (II)
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
Jun-22	1.1%	-4.8%
May-22	0.6%	-3.0%
Apr-22	0.4%	-2.1%
Mar-22	2.2%	4.0%
Feb-22	0.3%	-3.2%
Jan-22	-0.3%	-0.1%

Period	Fund	Index
3 Months	2.0%	-9.6%
6 Months	4.2%	-9.1%
1 Year	9.6%	0.4%
2 Years	19.8%	23.8%
3 Years	15.4%	10.2%

	Fund	Index
Returns	16.2%	8.8%
Volatility	9.3%	20.3%
Sharpe	1.092	0.136

- Data as of 30th June 2022
- Inception in August, 2018

LIGHTHOUSE CANTON

LIGHTHOUSE CANTON

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