



GREEN  
LANTERN  
CAPITAL  
LLP

PORTFOLIO  
MANAGEMENT  
SERVICES

# Who are we? - We live, eat and breathe Equities



*“The stock market is a device for transferring money from the impatient to the patient.” - Warren Buffett*

We are a team of highly experienced investment professionals with passion for investing. Green Lantern Capital is our endeavour to create long term value for all stakeholders by practicing disciplined approach to investment.

# Team: 80+ Years of Cumulative Experience

*Head or Tails. It's the right team that makes the win.*



**Nilesh Doshi:**

CEO & Managing Partner



B.Tech. Chemical Engineering, IIT Bombay

30+ years of industry and equity market experience

Worked with prestigious institutions like Pidilite, Praxair, Floatglass (I) and Edelweiss Financial Services.

**Distinguished track record of stock picking, with his investment ideas generating 5 - 10x returns.**

**Abhishek Bhardwaj:**

Managing Partner & Principal Officer



Chartered Accountant

20+ years of equity market experience

Worked with institutions like Care Ratings, Reliance MF, Monsoon Capital, Heritage Capital.

Last assignment as Head Equity at Star Union Daiichi Life Insurance, managing US\$ 300 mn AUM.

Abhishek has exposure to International best practices in Fund Management.

**The Heritage Fund was nominated among the top 5 Hedge funds in India in 2010 by Eureka Hedge.**



# Team: 80+ Years of Cumulative Experience

*Head or Tails. It's the right team that makes the win.*



**Pradeep Gokhale:** Partner Investments



Chartered Accountant, CFA - USA

25+ years of equity market experience

Worked with institutions like TATA MF, ITI MF, CARE Ratings.

Last assignment as Head Equity Head of Equity at ITI AMC for 4 years. Prior to ITI, he was at Tata MF for 15 years, Pradeep managed a broad spectrum of schemes across large-cap (Tata Large Cap Fund), multi-cap (Tata Large and Midcap Fund, Tata India Tax Savings Fund, and the equity portion of Tata Hybrid Equity Fund), offshore fund (Tata India Offshore Opportunities Fund), and thematic funds (Tata Ethical Fund) with assets under management exceeding Rs. 5,000 crores.

**Nitin Pandey:**

Partner Investments



PGDBA

20+ years of equity market experience

Worked with institutions like Reliance Capital AMC and Edelweiss Financial.

Last assignment as Investment Manager at Miras Investments (USD 2 Bn. Investment firm, based out of Oman)

# What to expect from us?



## Do's

- ▶ Margin of Safety and capital preservation
- ▶ Disciplined approach
- ▶ Rigorous research and due diligence
- ▶ Long term focus
- ▶ Skin in the game
- ▶ Transparency & regular communication

## Don'ts

- ▶ Chasing expensive valuations
- ▶ Speculation
- ▶ Compromise with quality
- ▶ Investing for the sake of investing
- ▶ Benchmark hugging

# Investment Approach: Rigor of Buying a Business



## **Business Selection:**

Our starting point of any investment is to study and understand the business thready as we are business investors, which means investment to us is like buying a business. We invest in quality businesses that we understand well and which are likely to generate improvement in earnings and cash flows in the foreseeable future and avoid ones facing headwinds.

## **Judgement of Business cycles:**

Our understanding of global macroeconomics along with the judgement of economic and business cycles helps us to endeavour to remain ahead of the curve in our investments. We may be a bit early in our investment and may have to wait for the businesses to bear fruit but have generally found them to be very rewarding with higher IRRs.

## **Margin of Safety:**

Being early in identifying themes/stocks allows us the 'Margin of Safety' that we require before we invest. This entails that we will not shy away from being contrarian provided we are able to identify triggers for improvement in earnings and/or rerating of sector/stocks.

Thus, Investing in quality, growing businesses with desired margin of safety ensures capital protection, lower volatility and generates superior returns over a period of time.

# Investment Approach



## Quality companies in growth markets:

- Strong franchises + good/ethical managements
- Large market opportunities, strong competitive characteristics and high ROE
- Industry leaders
- Hunger for growth

## Risk conscious approach:

- Valuation Risk
- Earnings Risk
- Balance Sheet Risk
- Over-ownership risk

**Deep Research & Flexibility**

## Our investment principles:

- Absolute return mindset
- Asymmetric risk return approach
- Undiscovered/underperformed
- Disciplined approach to selling

## Flexible Approach:

- Combine top down and bottom up approach
- Capitalising on occasional tactical opportunities
- Ability to use cash as a hedge

# Our Investment Approach helps us focus on...



- ▶ Asymmetric risk : reward
- ▶ Earning inflection points
- ▶ High margin of safety
- ▶ Growth and earning tailwinds
- ▶ Disciplined selling: the most crucial and difficult part of investing
  - Run up in stocks & valuations getting rich
  - Significant change in investment rationale



# Our Products



## Small & Mid Cap Fund

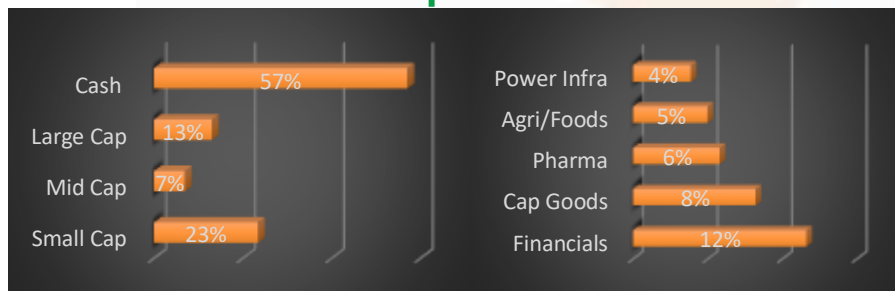
### Green Lantern Capital Growth Fund

The fund strategy endeavors to generate superior risk adjusted returns, in varying market conditions, by investing in Mid & Small Cap companies .

Ideal long-term investment (4-6 year Horizon) option for investors where we build a portfolio of companies that are Industry leaders, have potential to generate healthy ROE, and are trading at high margin of safety.

- Portfolio Structure
  - Large Cap - 0 - 30%
  - Mid & small Cap - 70 -100%
- Number of stocks: 20 - 25
- Cash: Default Position
- Benchmark: S&P BSE 500 TRI

### Market Cap / Sector



## Large & Mid Cap Fund

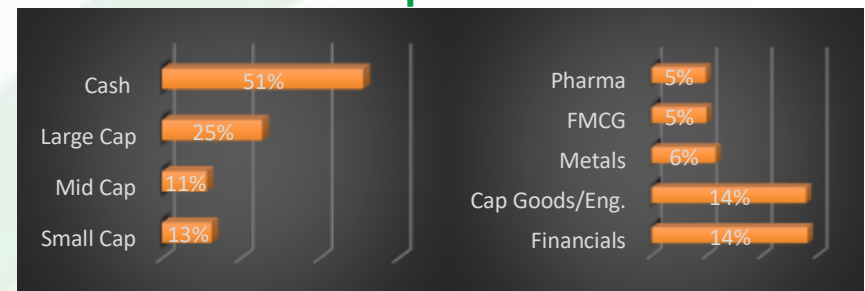
### Green Lantern Capital Alpha Fund

The fund strategy endeavors to generate superior risk adjusted returns, in varying market conditions, by investing in large & Mid Caps within a broad Multi Cap allocation strategy.

Ideal long-term investment (4-6 years) option for investors to build a portfolio of market leaders with strong balance sheets, superior earnings growth and steady free cash flow generation.

- Portfolio Structure
  - Large Cap - 0 - 40%
  - Mid Cap - 20 - 60%
  - Small Cap - 0 - 40%
- Number of stocks: 20 - 25
- Cash: Default Position
- Benchmark: S&P BSE 500 TRI

### Market Cap / Sector



# Our Performance



Small & Mid Cap Fund Green Lantern Capital Growth Fund				Large & Mid Cap Fund Green Lantern Capital Alpha Fund			
28/02/2025	Portfolio	BSE 500 TRI	O/P	28/02/2025	Portfolio	BSE 500 TRI	O/P
1 Month	-5.0%	-7.7%	2.7%	1 Month	-6.4%	-7.7%	1.3%
3 Months	-9.1%	-12.2%	3.1%	3 Months	-11.7%	-12.2%	0.5%
6 Months	-12.5%	-16.1%	3.6%	6 Months	-16.1%	-16.1%	0.0%
1 year	20.5%	-0.4%	20.9%	1 year	5.5%	-0.4%	5.9%
2 years	59.0%	17.8%	41.2%	2 years	39.8%	17.8%	22.0%
3 years	45.7%	12.7%	33.0%	3 years	31.2%	12.7%	18.5%
4 years	46.7%	14.2%	32.5%	4 years	28.7%	14.2%	14.6%
5 years	47.7%	17.9%	29.8%	5 years	34.6%	17.9%	16.7%
Since Inception (Dec 2017)	24.5%	12.7%	11.8%	Since Inception (Feb 2020)	33.2%	15.8%	17.4%

Returns over 1 year period are annualized and adjusted for inflows/outflows.

Report Options : After Expenses , TWRR - Daily Valuation

28/02/2025	Portfolio	BSE 500 TRI	28/02/2025	Portfolio	BSE 500 TRI
Sharpe Ratio	1	0.0	Sharpe Ratio	0.4	0.0
Beta	0.9	1.0	Beta	1.0	1.0



## Majority of PMS schemes outperformed Nifty, BSE 500 in FY24

**Ashley Coutinho**  
Mumbai

The majority of portfolio management services (PMS) schemes outperformed the benchmark Nifty 50 and BSE 500 in the financial year 2024 amid a rally in mid and small-cap stocks.

As much as 80 per cent or 264 of the 324 schemes were able to beat the returns generated by Nifty, data from PMS Bazaar show. The schemes delivered average returns of 45.2 per cent, higher than the 30.1 per cent delivered by Nifty.

As much as 56 per cent of the schemes outperformed the BSE 500, which returned 40.2 per cent. Only 30 schemes, however, were able to beat the returns of 70 per cent given by Nifty Smallcap 100 in FY24.

Invasset's Growth Pro Max Fund, a multi-cap strategy, was the top performer in FY24 with returns of 128.5 per cent, followed by Green Lantern Capital's Growth Fund (110.8 per cent) and Asit C Mehta Investment Intermediates' Ace -Multicap (102.7 per cent).

Marcellus's Little Champs, a small-cap strategy, was the

### Top PMS performers in FY24

Asset manager	Strategy	Category	1 Year	5 Year
Invasset	Growth Pro Max	Multi cap	128.5	NA
Green Lantern Capital	Growth Fund	Small & Mid cap	110.8	37.9
Asit C Mehta Investment Intermediates	ACE - Multicap	Flexicap	102.7	27.2
Samvit Capital	PMS Active Alpha Multicap	Multi Cap	98.4	NA
Asit C Mehta Investment Intermediates	ACE - Midcap	Mid Cap	95.6	27.1
Ambit Global Private Client	Alpha Growth	Multi Cap	94.8	NA
Carnelian Asset Management and Advisors	YNG Strategy	Multi Cap	92.6	NA
Investsavvy Portfolio Management	Alpha Fund	FlexiCap	92.2	NA
Bonanza Portfolio	Value	Multi Cap	89.9	23.9
Equitree Capital Advisors	Emerging Opportunities	Small Cap	89.6	18.4

Source: PMS Bazaar. % returns as on March 31, 2024; calculated using Time Weighted Rate of Return

worst performer with returns of 0.3 per cent. Ambit Investment Advisors' Emerging Gi-

ants and Eklavya Capital Advisors' Long Term Value were the other two schemes near

the bottom with returns of 11.5 per cent and 13.4 per cent, respectively. Most of the

PMS schemes tend to adopt concentrated portfolios, which can work both ways. If a few of the calls go wrong, the overall performance can be hit. In 2018-19, several wealthy individuals migrated from mutual funds to PMS in search of alpha. Many of the PMS schemes, barring the top-performing ones, had struggled to deliver alpha in the following years.

### AT A DISADVANTAGE

PMS investors are at a little disadvantage vis-a-vis mutual funds on the taxation and fees front. Investors have to pay an additional tax of 0.6-0.8 per

cent on the PMS schemes vis-a-vis equity MFs since all transactions happen on their respective trading accounts. In certain cases, they have to shell out profit shares to the manager if returns are over a certain hurdle rate.

PMS schemes managed ₹26.9-lakh crore under the discretionary portfolio, ₹2.6 lakh-crore under the non-discretionary portfolio, and ₹2.7 lakh-crore under advisory, latest regulatory data showed.

The PMS segment invests money on behalf of wealthy individuals. The minimum investment under the regulations is ₹50 lakh.

### 297 SCHEMES TOGETHER GIVE AVERAGE RETURNS OF -0.1%

## Over half of PMS schemes underperform Nifty in FY23

**Ashley Coutinho**  
Mumbai, April 18

The majority of the portfolio management services (PMS) schemes underperformed the Nifty 50 in FY23 amid an underperformance volatility. As much as 54% or 165 of the 307 PMS schemes were not able to beat the returns generated by the benchmark.

The 297 schemes collectively delivered average returns of 0.1%, slightly higher than the -0.6% given by the benchmark. Twenty-two schemes delivered double-digit returns during the year.

This means a typical investor with linear size schemes in his portfolio probably would have not been able to beat Nifty returns in the last year.

Among individual categories, large-cap PMS schemes (average returns of -0.1%), multi-cap schemes (-0.02%) and small-cap PMS schemes (-0.5%) outperformed their respective benchmarks. Mid-cap ones (-0.04%) underperformed benchmarks. Nifty Midcap 100 (1.33%). Most PMS schemes tend to adopt concentrated portfolios, which can work both ways.

In lieu of the calls going wrong, it can hit overall performance, all aspects.

Them Securities' India Rising S&P Stars, a small-cap strategy, was the top performer in FY23 with returns of 34.3%, followed by Mar-

### TOP PMS PERFORMERS LAST FISCAL

Asset manager	Strategy	Category	1 Year	5 Year
India Rising S&P Stars	Growth	Multi cap	34.3	NA
Them Securities' India Rising S&P Stars	Growth	Multi cap	29.5	NA
Green Lantern Capital	Growth Fund	Small & Mid cap	22.15	37.9
Practical Capital Investments	Wealth Builder	Multi Cap	21.11	NA
Umicor Asset Management	Strategic Fund	Multi Cap	20.08	NA
Equitas Investment Consultants	India Opportunities Product	Multi Cap	19.82	NA
Avestha Fund Management	Growth	Multi Cap	19.19	NA
Southern Equities Investments	Overseas Long Term Value	Multi Cap	18.55	NA
Green Lantern Capital	Alpha Fund	FlexiCap	13.55	NA
Carnelian Asset Advisors	YNG Strategy	Multi Cap	13.03	NA

cellus' Ventures' Growth strategy (28.2%) and Carnelian Capital's Growth Fund (22.1%).

Raised Multisector Wealth Adviser's Equity Fund was the worst performer with returns of -26.2%, followed by Turle Wealth's 2.24 Growth Master (2.4%) and Lake Water Adviser's India Growth strategy (-21.9%). These Mutual Divid strategies — Income, Midcap, HCP and TOP V2 — were among the 10 worst performers.

In 2019, 18% number of wealthy individuals migrated from mutual funds to PMS in search of alpha. Many schemes, barring top performers, have not delivered alpha. "A more meaningful picture will emerge once the respective bench-

marks for different PMS categories come into play. For a better idea of which schemes are performing, they need to get broken down further into specific buckets," said Sameer Karnal, founder & CEO, Smart Money.

The Association of Portfolio Managers in India has filed a petition for equity, debt, hybrid and multi-asset PMS strategies, which will be effective from April 1.

PMS investors are at a little disadvantage vis-a-vis mutual funds on the taxation and fees front. Investors have to pay an additional tax of 0.6-0.8% on PMS schemes vis-a-vis equity MFs since all transactions happen on their respective trading accounts. In certain cases, they have to shell out profit shares to the manager if returns

are over a certain hurdle rate. According to experts, equity and growth kind of strategies have particularly suffered in the past year with value stocks gaining the spotlight. PMIs, banks and industrials have done better than equity and growth names in the FMCI and FI space, where stocks have become peppy. It shows, for instance, one substantially peppy, but corrected in the past year on rich valuations and on realisation that some of the growth investments during the pandemic may not materialise going forward.

## TOP 10 PERFORMERS - JUNE 2022

AMC	STRATEGY NAME	CATEGORY	June Month returns (%)
GREEN LANTERN CAPITAL LLP	GROWTH FUND	SMALL & MIDCAP	2.84%
EQUITREE CAPITAL ADVISORS	EMERGING OPPORTUNITIES	SMALL CAP	1.16%
KARVY CAPITAL	EXCEL	DEBT	0.85%
SCIENT CAPITAL	ARIES MID YIELD	DEBT	0.82%
KARVY CAPITAL	DEMETER	DEBT	0.48%



# **Way Forward :**

## **Next 12-18 Months**



# USA



## Global Growth Engine:

- ▶ Healthy Economy grew at 3% in Q2 CY 2024
- ▶ Unemployment at 4.2% as of Aug 2024
- ▶ Core PCE Price Index : 2.7% YoY
- ▶ FED began rate cut cycle : By 50 bps in Sept, 25 bps in Nov, 25 bps in Dec 24

# China

- ▶ PBC announced sweeping stimulus measures & cuts interest rates
- ▶ PBC trimmed reverse repo rate : 1.7% to 1.5% - Sept 2024
- ▶ PBC cuts medium term loan rates : 2.3% to 2% to financial institutions

# Europe

- ▶ ECB cuts deposit rate by 25 bps to 3.50% as inflation slows

# India - Positives



- ▶ GDP : 3.7 Trillion US\$ apx.
- ▶ GDP Per Capita : \$2730 (Nominal) : AUG 2024
- ▶ Political Stability: Manageable
- ▶ Continuation of policy Reforms.
- ▶ Domestic Manufacturing to gather pace in many areas due to:

(I) PLI schemes

(II) Increased outsourcing by developed world

(III) Make in India/Self-reliance/National Security Reasons

Engineering Goods

Defense/Aerospace/Railways

Mining: Lithium

Batteries

Semi-conductor & electronics

Special Metal Alloys

Chemicals/APIs

Power Generation: Solar, Wind, Nuclear & Thermal

- ▶ Infrastructure capex to continue & gather pace:

Roads, Bridges, etc.

Railways

Seaport, Airports

Power Transmission

Water supply & Distribution

Thermal Power Plants

- ▶ Exports of Engineering goods to rise

# India Macro- Positive in a difficult world



## ECONOMIC PARAMETERS :

- ▶ Government fiscal deficit : Disciplined Approach
- ▶ Inflation under Control :
  - CPI : 3.65% YoY : Aug 2024
  - WPI : 1.3% YoY : Aug 2024
- ▶ Real GDP expected to grow around 6.5% over the next two years
- ▶ CAD : Balance of payments worry is lower





# Challenges / Concerns



## USA :

- ▶ Running very high level of fiscal deficit at 1.5 Trn. USD P.A - Eventually will weigh on interest rates
- ▶ Stress in Commercial Real Estate
- ▶ End of free money era : High Probability
- ▶ Decline in GDP Growth : Structural ?

# Challenges / Concerns



## INDIA :

### ECONOMY :

- ▶ Exports: 3 Year CAGR Growth in Nominal USD: Zero
- ▶ Domestic Corporate Revenue Growth: Single digit : 5 Years CAGR
- ▶ GDP Growth : Single digit : Nominal Terms
- ▶ Real Income / Wage Growth : Weakening

### VALUATION:

#### ▶ Nifty 50 Earnings:

Nifty @ 25,000 :	23.5 X PE (Estm.)
Nifty Small Cap :	27 X PE TTM
Nifty Mid Cap :	31 X PE TTM

- ▶ India's Equity Market Capitalization : ₹400 lakh crores : US \$4.6 Trn
- ▶ Market Cap/GDP : 110%

# Equity Market Outlook: CY2024



## A - Market Psychology / Belief :

- ▼ Don't time the Market
- ▼ Think Long Term
- ▼ Market always recovers from the crashes/corrections
- ▼ Liquidity is not going to DRY

## B - Counter to Above :

- ▼ Investment based on Earnings & Valuations
- ▼ Markets don't move in linear pattern
- ▼ What's the bottom?
- ▼ Liquidity is a function of Greed (Complacency) / Fear

# Green Lantern Observations & View



- ▶ Market Valuations Extremely high, especially for Small & Midcaps
- ▶ Complacency is very high
- ▶ Large supply of New Offerings/OFS/QIPs
- ▶ Corporate revenue CAGR is declining: 2nd derivative negative
- ▶ Requires extreme caution & discipline
- ▶ Stock selection should be based on solely revenue & earning growth and not Re-rating
- ▶ Time to think: One Step at a time Vs Very very long term



# Contact Us



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