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.

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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 threadbare 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 (3-5 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

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 (3-5 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 – 0-60%
  - Mid Cap - 20-60%
  - Small-cap - 0-40%
- Number of stocks: 20 - 25
- Cash: Default Position
- Benchmark: S&P BSE 500 TRI

Our Performance

Small & Mid Cap Fund			
Green Lantern Capital Growth Fund			
31/07/2024	**Portfolio**	**BSE 500 TRI**	**O/P**
1 Month	6.5%	4.4%	**2.1%**
3 Months	16.9%	12.7%	**4.1%**
6 Months	40.9%	19.6%	**21.4%**
1 year	116.5%	38.9%	**77.5%**
2 years	77.4%	27.7%	**49.7%**
3 years	**52.1%**	**21.1%**	**31.1%**
4 years	**71.7%**	**28.5%**	**43.3%**
5 years	**49.9%**	**22.5%**	**27.4%**
Since Inception (Dec 2017)	29.7%	16.8%	**12.9%**

Large & Mid Cap Fund			
Green Lantern Capital Alpha Fund			
31/07/2024	**Portfolio**	**BSE 500 TRI**	**O/P**
1 Month	7.0%	4.4%	**2.6%**
3 Months	16.8%	12.7%	**4.0%**
6 Months	29.8%	19.6%	**10.2%**
1 year	85.4%	38.9%	**46.5%**
2 years	56.8%	27.7%	**29.1%**
3 years	**36.0%**	**21.1%**	**14.9%**
4 years	**48.1%**	**28.5%**	**19.6%**
5 years	**NA**	**NA**	**NA**
Since Inception (Feb 2020)	43.9%	22.5%	**21.4%**

Returns over 1 year period are annualized and adjusted for inflows/outflows.
Report Options : After Expenses , TWRR - Daily Valuation

Media coverage

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

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
Samvitti 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

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● 297 SCHEMES TOGETHER GIVE AVERAGE RETURNS OF -0.1%

Over half of PMS schemes underperform Nifty in FY23

FINANCIAL EXPRESS

ASHLEY COUTINHO
Mumbai, April 18

THE MAJORITY OF the portfolio management services (PMS) schemes underperformed the Nifty50 in FY23 amid sustained market volatility. As many as 56%, or 165 of the 297 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 four-six 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 (-0.03%) and small-cap PMS schemes (0.5%) outperformed their respective benchmarks. Mid-cap ones (-0.04%) underperformed benchmark Nifty Midcap 100 (1.15%). Most PMS schemes tend to adopt concentrated portfolios, which can work both ways. If few of the calls go wrong, it can hit overall performance, said experts.

Hem Securities' India Rising SME Stars, a small-cap strategy, was the top performer for FY23 with returns of 34.3%, followed by Molecule Ventures' Growth strategy (28.8%) and Green Lantern Capital's Growth Fund (22.1%).

Basant Maheshwari Wealth Adviser's Equity Fund was the worst performer with returns of -26.2%, followed by Turtle Wealth's 212* Growth Mantra (-24.4%) and Lake Water Advisors' India Growth strategy (-20.9%). Three Motilal Oswal strategies — Focused Midcap, IOP and IOP V2 — were among the 10 worst performers.

In 2018-19, a number of wealthy individuals migrated from mutual funds to PMS in search of alpha. Many schemes, barring top performing ones, have not delivered alpha.

"A more meaningful picture will emerge once the respective benchmarks for different PMS categories come into play. To get a better idea of which schemes are performing, they need to get broken down further into specific buckets," said Sameer Kamdar, founder & CEO, Smart Money.

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

PMS investors are at a little disadvantage vis à 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 à vis equity MFs since all transactions happen on their respective trading accounts. In certain cases, they have to shell out profit share to the manager if returns are over a certain hurdle rate.

According to experts, quality and growth kind of strategies have particularly suffered in the past year with value stocks gaining the spotlight. PSUs, banks and industrials have done better than quality and growth names in the FMCG and IT space, where stocks have become pricey. IT shares, for instance, rose substantially post-Covid, but corrected in the past year on rich valuations and on realisation that some of the growth assumptions during the pandemic may not materialise going forward.

PMS schemes managed ₹22.9 trillion under the discretionary portfolio, ₹1.7 trillion under non-discretionary, and ₹2.2 trillion under advisory, latest regulatory data showed.

TOP PMS PERFORMERS LAST FISCAL

AMC	Strategy	1-yr returns (%)
HEM SECURITIES	India Rising Sme Stars	34.32
MOLECULE VENTURES	Growth	28.83
GREEN LANTERN CAPITAL	Growth Fund	22.15
FRACTAL CAPITAL INVESTMENTS	Wealth Builder	21.11
UNIQUE ASSET MANAGEMENT	Strategic Fund	20.28
AEQUITAS INVESTMENT CONSULTANCY	India Opportunities Product	19.82
AVESTHA FUND MANAGEMENT	Growth	19.19
COUNTER CYCLICAL INVESTMENTS	Diversified Long Term Value	18.33
GREEN LANTERN CAPITAL	Alpha Fund	13.34
CARNELIAN ASSET ADVISORS	YNG Strategy	13.01

Source: PMS Bazaar

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%

Year ahead - 2024

Global Macro

- Record Global Elections: India, USA, Russia.
- Geopolitical Instability.
- Trade war to continue: Protectionism.
- Technological Innovation and Competition: To Transform the world

Batteries	EVs/Hydrogen	Renewable Energy
AI/Robotics/Automation	Lab made Food ex Meat, Milk	

- Deglobalization & Re-Industrialization: Domestic manufacturing to increase from National Security Perspective:

Energy	Food
Semi-Conductor & Electronics (ex. Chips, Lithium)	Healthcare & Pharmaceuticals

- Bilateral Trade (ex of USD) among developing countries to gather speed.
- Europe is in structural decline of demography and economic growth.

USA

- Massive Treasury Issuance will continue:
  - Will weigh on interest rates
  - Crowd out other Investments
- End of free money Era: Possibility.
- Stress in Commercial Real Estate.
- Inflation Yo-Yo
- FED pause on hikes to continue & may begin rate reduction in CY 24
- Structural decline in GDP growth?

India Macro- Positive in a difficult world

- Political Stability: expected based on recent states election outcome.
- 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: Renewables, Thermal.	

- Infrastructure capex to continue & gather pace:

Roads, Bridges, etc.	Railways	Seaport, Airports
Power Transmission	Water supply & Distribution	

- Exports of IT, Pharmaceuticals, Agrochemicals to continue.
- Exports of Engineering Goods to gather pace.

Equity Market Outlook: CY2024

- Though lot depends on outcome of:
  - India Lok Sabha Election
  - USA Election: What if Trump wins?
- Inflation & Economy Growth Outlook in USA is key to Policy action.
- Nifty consensus earnings is 1076 for FYE i.e 20x FY25E
- Economy to grow @10% nominal GDP: For us to reach 5 Trn $ over next 3-4 years.
- Rising Direct Retail Participation to drive the market in this decade.
- Rising Algorithm Trading & Options Trading.
- FEAR OF: MARKET IS EXPENSIVE + MISSING OUT
- Expect Volatility to continue.
- Finally, Market may be narrow & need to moderate return expectation in CY2024.

Investment Strategy

- Active Management with stock picking will create value.
- Key is to identify good businesses with higher probability of
    - Revenue Growth
    - Improvement in Earnings
- Invest with high margin of safety & favorable risk-reward.
- Invest in sectors of Structural Growth: Provides huge tail wind
- Manage your risks:
    - Position sizing
    - Diversification
    - Margin of safety for capital protection
    - Continuous monitoring & evaluation of investment

Contact Us

GREEN LANTERN CAPITAL LLP

SEBI Registration No.: INP000005829

Address:
201, Udyog Bhavan, Sonawala Marg, Goregaon East
Mumbai, Maharashtra, India - 400063.

Name: Nitin Pandey
Mobile: +91-9324081820
Email: nitin@glcapital.in

Office Phone: +91-022-40967201/02
Website: www.greenlanterncapital.in

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