

Lighthouse Infrastructure Portfolio – Concept Note

Investment Objective

- Aims to provide long term returns by investing in a diversified portfolio of Indian equities in the infrastructure and infrastructure related businesses with favorable long-term prospects

Investment Case

Infrastructure is a prime catalyst in harnessing the full potential of the Indian economy. It is a pre-requisite for sustainable and high quality growth. Thus far, investment in infrastructure has been limited. But today, there is a growing realization across all political and social classes for the pressing need to develop infrastructure in India.

Globally, there is surplus capital with fewer opportunities to earn attractive returns on a sustainable basis. Infrastructure projects have the capability to absorb large capital and offer attractive returns.

India has the breadth and depth to absorb such large capital inflows without impairing capital productivity. Hence, infrastructure investing in India is a compelling investment idea. The development in infrastructure itself will propel further growth in the economy.

Clearly, infrastructure and related businesses are poised for a quantum leap. The inherent character of infrastructure investment makes it a relatively “low risk, attractive returns” opportunity with size and durability.

The Lighthouse infrastructure portfolio has been designed to convert this opportunity into sustained long-term wealth creation for our investors.

Portfolio Characteristics

- Sustainable and durable growth potential through long-term investment opportunities
- Investments at an early phase of infrastructure growth in India
- Aim for long term, stable returns
- High margin of safety in investments
- Access to a range of infrastructure related businesses
- For this strategy, we typically seek a discount of, say, 30%-35% to the value of the underlying business at the time of participating in the relevant opportunities.

Risk factors:

Lighthouse Infrastructure Portfolio invests into equities and equities as an asset class carry a higher risk in comparison to debt. While risk cannot be totally eliminated, it can be mitigated through a well-designed investment strategy. The Portfolio seeks to mitigate risk and deliver superior returns through research-based investing. However, this objective may not be fully achieved due to various reasons such as unfavorable market movements, misjudgment by portfolio manager, adverse political or economic developments etc. Past performance is not a guarantee of future returns.



Investment Approach

- Characterized by a focused and disciplined approach to long term investing into undervalued businesses, run by people of integrity, vision and competence
- Invest in quality businesses run by quality management and reasonable valuation with a significant margin of safety

Investor Profile

This offering is suitable for those investors, both private and institutional, who would like:

- To participate in India's growth opportunity and expect a risk controlled, compounded returns over a three to five year horizon
- Long term wealth creation
- A high level of service

Benchmark Index:

BSE 200

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Current Portfolio Construction Summary & Portfolio Guidelines	
Investment Strategy: Active, Passive	Active with focus on long term compounding growth
Investment approach: Fundamental, Quantitative, Core	Fundamental approach
Screening approach: Bottom up, Top Down, Combination	Bottom up
Equity style: Deep Value, Value, Core, Growth at Reasonable Prices, Growth	Growth at Reasonable Prices
Portfolio Benchmark	BSE 200
Maximum position of single stock (in %)	12.5%
Maximum sector position (in %)	30%
Maximum country allocation (in %)	Indian listed equities only
Maximum cash position (in %)	Cash is a residual asset and not a tactical tool to manage the portfolios.
Market Capitalization bias	No market capitalization bias
Average number of portfolio holdings	20 to 22
Use of derivatives for hedging	None
Use of derivatives for active strategy	None
Tracking error (if applicable)	None
Portfolio Accounting Currency	INR

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Features of the Portfolio

Minimum Initial Investment Amount	<i>Initial Investment:</i> Rs.2 cr <i>Top-up:</i> Rs.5 lacs and multiples thereof
Exit Load	Uncharged Management Fee for the 1 st year for withdrawals within 1 year including Performance Fee, if any
Fee Structure: Option 1	<i>Management Fee:</i> A fixed fee of 2.5% (p.a. calculated on the average daily portfolio value payable on a quarterly basis at the end of each calendar quarter)
Fee Structure: Option 2	<i>Management Fee:</i> A fixed fee of 1.5% (p.a. calculated on the average daily portfolio value payable on a quarterly basis at the end of each calendar quarter) and a performance fee of 15% on any positive performance of each period with higher watermark
Portfolio Manager	Sumit Jain

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