



**DIGITIAN
CAPITAL**



FUTURE FOCUS

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Welcome to the DIGITIAN VIEW!

DIGITIAN View will be our platform to share ideas on new investment, markets, and a completely new Generation. It is our believe that in the age of DIGITIANs, there will be change in the form, style, scale and focus of Investments in a major way. **DIGITIAN Capital will mainly focus on such new age stocks, new promising frontier markets which holds opportunity in terms of Digital Capability using a new investment structure.** Our Tagline **‘Future Focus’** aptly captures our investment philosophy.

In terms of Investment in the Millennial era we have seen the advent of FAANG (Facebook, Amazon, Apple, Netflix,

Google) stocks leading the pack of technology stocks and each of them created series of me-too stocks across the Globe. It is changing drastically and are more becoming driven by content, media, streaming, retail logistics and conversational. In the DIGITIAN era of 2020 onwards we shall see more use of application which will be digital, cloud based, concept driven, artificial intelligence embedded, machine learning augmented, internet of things enabled. These will make disruptive innovation the ‘new normal’ in any industry with rapid change in form and valuation. We have seen unbelievable multiples in terms of valuation which are long and deep, more than actual profit what matters now are number

“This is a new time(DIGITIAN era) where ideas are highly valued and we believe (to invest) you require a completely different pair of lenses to navigate this era”

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
S & P	2507	2704	7.9%	7.9%	-11%
Nasdaq 100	6635	6899	4.0%	4.0%	-10%
FTSE 100	6728	6969	3.6%	3.6%	-12.9%
Shanghai Compisit	2493	2618	5.0%	5.0%	-26.5%
NIFTY	10862	10831	-0.3%	-0.3%	2.9%
Nairobi SE 20	2833	2958	4.4%	4.4%	-23.7%
Egypt SE 30	13036	14127	8.4%	8.4%	-11.8%
Tanzania All Shares	2041	2127	4.2%	4.2%	-14.6%
Ghana Composite	2572	2498	-2.9%	-2.9%	-3.7%
Nigeria SE 30	1417	1360	-4.0%	-4.0%	-20.8%
Morocco All Shares	11364	11351	-0.1%	-0.1%	-9.4%
Bangladesh DSE 30	1881	2008	6.8%	6.8%	-18.0%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
Gold	1283.17	1318.53	2.8%	2.8%	-1.5%
Crude Oil	54.13	60.97	12.6%	12.6%	-19.1%
WTI Oil	45.8	53.79	17.4%	17.4%	-29.1%
Copper	2.632	2.765	5.1%	5.1%	-19.7%
Iron Ore	69.15	75.98	9.9%	9.9%	-2.9%
Aluminium	2256.64	1902.65	-15.7%	-15.7%	23.7%

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of active customers, consumers' time spend with the product, number of clicks in the website, etc etc. **A ten-billion-dollar company is valued less than a few million-dollar company on the belief of future outlook is Poor (read Kodak, Nokia, Sears) vis-a-vis future outlook strong (read next billion-dollar company).** This is a new time where ideas are highly valued, and we believe you require a completely different pair of lenses to navigate this era. Taking this into consideration we mine through our DIGITIAN investment lenses the industries of the future in 9 verticals

- » **Financial:** Virtual Banks & Insurance and e platform companies; Fintechs robo advisors,
- » **Communications & Media:** Streaming Service, Social platforms, communication++ services
- » **Information Technology:** Cloud Computing, IoTs, AI, Big Data, Blockchain, Next generation Gizmos, Virtual reality, Digital security
- » **Real Estate:** ESG friendly Developers, Outsourced Hubs
- » **Materials:** Rare Earth, Platinum, palladium,
- » **Consumer:** E retail, New Life style Product & Services, Gaming - (both staples, and discretion)
- » **Industry:** Automation & Robotics, Electric Cars, self-driven cars e-Security Products, Products as a Service'

- » **Health:** Bio Technology, Alternative medicine, Medicinal cannabis.
- » **Energy:** Renewable energy

In terms of Market, DIGITIAN Capital believe that there has been lot of opportunities in the frontier and emerging markets especially in Africa. In the last decade, the many of the African economies registered a much higher growth rate and development, leap frogging happening in true form, with the advent of digital era, internet and mobile has been increasingly integrated in the government and socio-economic culture. **Like DIGITIANs, in the next 10 years some of the African frontier economies will increase multiple times given the resources, demographic dividend and the low base they have and would closely follow emerging markets like China and India.** In view of this belief, DIGITIAN capital closely follow 7 frontier economies in Africa as noted here and increasingly invest in some of these markets. Further there is still very poor information availability when it comes to African Capital markets and stocks. Thus, these markets are still virgin with long runway. **On the other hand, our focus in India is very strong since we believe that India will be the next driver in the coming 10 years with an estimated USD 10 trillion economy.** We also maintain our investment operation in USA which will remain the leading capital market during the DIGITIAN era as well.

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2019 %	Inflation %
USA	18570	29898	3.2%	1.8%
China	12238	6119	6.4%	1.9%
India	2260	2305	7.1%	2.2%
Egypt	331	53	5.8%	11.97%
Kenya	71	18	5.9%	4.7%
Tanzania	54	10	6.6%	3.0%
Ghana	43	20	6.0%	9.4%
Nigeria	405	101	2.4%	11.4%
Morocco	101	59	3.2%	2.5%
Bangladesh	221	40	7.4%	5.35%

Forex	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	
EUR USD	1.147	1.148	0.1%	0.1%	-4.4%
GBP USD	1.2793	1.309	2.3%	2.3%	-10%
USD INR	69.727	71.160	-2.0%	-2.0%	-8.1%
USD KES	101.896	100.596	1.3%	1.3%	1.3%
USD EG POUND	17.9	17.639	1.5%	1.5%	-0.73%
USD TZS	2299.84	2312.830	-0.6%	-0.6%	-2.6%
CEDI USD	4.874	4.968	-1.9%	-1.9%	-6.9%
NAIRA USD	364.175	363.240	0.3%	0.3%	-16.1%
TAKA USD	83.403	83.697	-0.4%	-0.4%	-0.7%

In terms of form of Investment management, **DIGITIAN Capital have come out with a unique concept of Separately Managed Accounts for high value investors which we believe will be the new trend in Investment management business.** This is an answer to the not so impressive performance return of the Mutual Funds with opaque transaction history and high cost, the high value investors are not getting their proper return. Through SMA, we provide the investor the opportunity to select the recommended instruments (bonds/Equity/Derivatives) with research reports as well as the unique capability to access various markets other than their home markets to broad

base their risk. The structure backed by a software provides the uniqueness of transparency, access at a lower cost while maximizing the return.

The start of 2019 could not be better. After the dragging of indices in all the markets by 20-30%, the first month of the year could recover 10%-15%. The world economy is still faced with USA-China Trade war, Brexit, EU country crises (Italy & Greece), weakening political situation in Germany, slowing down of Chinese economy, immigration issue coming out of Syria and other war torn countries, growing nationalism in many countries against globalization, and manifold interest rate increase in 2018.

The only good news: recession is still a distance away with the reconciliation happening in most of the fronts while the oil price outlook is still stable and is expected to be stable through March 2019.



BEST CHART OF THE MONTH



“Gold as a parking investment has been preferred”



“WTI crude/Bent Crude dropped to a low in the last quarter of 2018, dramatically recovered in the January 2019”





VALUE INVESTING

Debashish Neogi

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“.. behave like a dead person – no excitement, buy right and sit tight as this is the only place where ‘boring is exciting’”

Value investing to me is buying a stock at lower than it's worth. Now the definition appears simple but its most difficult to implement for most of the people, I will explain with example. Most of us buy in modern trade /retail outlet, suppose we love a brand and see some discounts / promotions are running on the brand for a very limited period, which is rare, what we do? We immediately grab the opportunity to buy what we have been buying albeit at higher prices, but now at prices much lower. Do we wait for few more days /weeks to see further price drop ?

Do we do the same thing when it comes to stock? No, we get such discount opportunity on stock once in a while, but we don't buy. Even after buying the stock at higher price we don't buy them when it drops by 30% as because we then think it may drop further, let's wait for it and to our surprise most of the time we see the reverse happening. Why this completely opposite behavior? Because we cannot value stock or rather I would say we don't "value" stock when there is fear and bloodbath in the market .The only way to make

disproportionate money in stock is buy when it is cheap and not when it is expensive .To me the best person on Earth who does this and does what he says is Warren Buffet –“be fearful when others are greedy and vice versa” he is doing this for last 5 decades ! Starting from 1963 when he invested in American express.

In 1963, American Express found itself on the wrong end of a very big, very bad loan to a company by the name of Allied Crude Vegetable Oil. The salad oil company faked its inventory, filling its tanks with seawater and only a modest amount of oil. Because oil is less dense than water, it would float at the top, making it appear as though the company had much more oil than it actually possessed.

Allied Crude Vegetable Oil borrowed on the basis that it had 1.8 billion pounds oil, but it only had 110 million pounds. Thus, American Express and other major banks, which took on the loan under the assumption it had ample collateral, found themselves staring down the barrel of substantial loan losses.

AmEx shares fell over 40%, as the market worried that it wouldn't survive. But Buffett was ready to buy, believing that the losses were only temporary, and that American Express's brand gave it enormous value over and beyond its accounting value. Buffett bet big on the stock, putting 40% of his partnership's assets in American Express shares. Having plunged as low as \$35 per share, shares rapidly advanced to \$70 per share, making Buffett and his investors millions in the course of just three years. The quick double from AmEx resulted in a return twice that of the S&P 500 over the period. This is one of the best investments which Warren Buffet did and that also in the initial period of his investing career. Such mega returns were only possible because he:

1. Understood the strength of the underlying business of Amex and
2. Bought at 40% discount than prevailing market price –he was greedy when others were fearful.

Now one may say how we can identify the strength of the underlying business , I agree , sometimes it is difficult but we make it more difficult than what it appears .If I take an Indian example ,say 10 years back during the recession (when prices fell more than 40%) who was the market leader in Paints ,Private sector banks , Retail , Adhesives , Coconut oil , Housing loans ,Cars etc. ? The answer is known to everyone – Asian Paints, HDFC bank, Titan, Pidilite, Marico ,HDFC, Maruti –all these stocks have multiplied wealth more than 10/100 times in last 10/20 year period .

So if some stock basis right underlying is bought at \$ 1 goes up \$ 100 in next 20 years, how does it matter if you bought it at \$ 1.20? So what I am saying is do not wait for further discount when the discount is already there and others are fearful in buying. All the stocks which I mentioned always corrects 20-40% at regular interval –buy them, sit tight on them over a very long period of time –it’s plain and simple.

Another example in India is of Rakesh Jhunjhunwala, one such astute investor whose never-ending love for Titan began over 17 years ago. The shareholding disclosure

history of Titan Company shows that Jhunjhunwala, along with his wife Rekha, held a 1.57% stake in Titan Company back in June 2002. On the basis of quarterly (average) unadjusted share prices, the value of this holding was Rs 5.2 crore then. And, when adjusted for corporate actions like dividends, bonus, and stock split, the value of the holding is mere Rs 26 lakh. Yes, Jhunjhunwala’s holding the stock over a long term paid off since his Titan(ic) journey began.

Interestingly, the couple’s stake in Titan Company was 8.46% as of March 2018, valued at Rs 7,073 crore using the averages method. Post the May-June 2018 share sell, Jhunjhunwala along with his close relatives hold a 7.37% stake in the company which is valued at Rs 5,480 crore.

The residual stake is still 1,056 times and a mindboggling 21,125 times the value of the June 2002 stakes on an unadjusted and adjusted basis, respectively. The Big Bull’s Titan journey shows it pays to be patient. Investing is an art with a lot of science involved. Some chose to call it a game, too. A game which needs lot of conviction and courage.

Conviction to find and buy a good stock. And courage to hold it.

In one’s life time one doesn’t need more than 5-6 stocks to make jump shift growth on one’s wealth. I gave examples above of companies –is it too difficult to find? is it too difficult to buy? Both the answers is a Big No. Problem lies with our behavior – we want excitement –we want to be in thick of things –we have to react to all macro news, be it political or economic – we behave like we are doctorate in economics –but Equity investing is simple but not easy –not easy because of our behavior. Fidelity had done a study in 2014 as to which accounts had done the best at Fidelity. And what they found was hilarious ...all of them were dead. Yes you read it right, behave like a dead person –no excitement , buy right and sit tight as this is the only place where **“boring is exciting”, it’s your EQ(read behavior) which matters and not your IQ !**

Bye for now, catch you next month on many elements of value investing –it is just a beginning –a small drop in an ocean!

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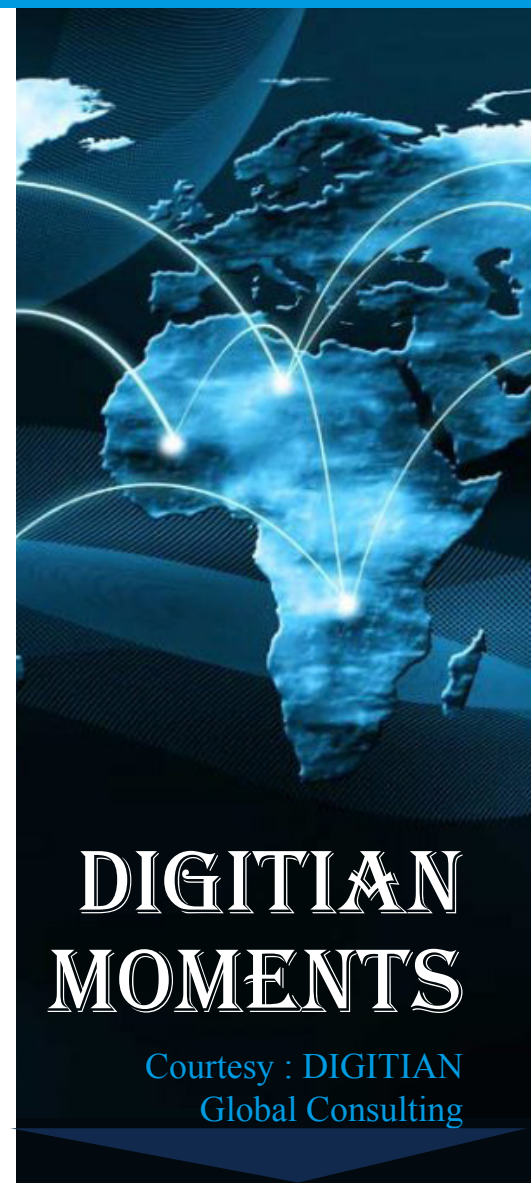
NEWS FROM FRONTIER & EMERGING MARKETS WE FOLLOW

Courtesy : DIGITIAN Global Consulting

USA	Digitian Country Rating AAA
<ul style="list-style-type: none"> » After a rout in the USA stock market in the last quarter of 2018, especially in December 2018, the January 2019 witnessed a magnificent recovery which delayed the recession hangover; » US Fed paused the hike in the fed rate after 6 consecutive rate hike given the inflation rate falling below 2% p.a. and lowest unemployment rate of 3.7% in last two decades » US- China Trade talks begins to end the uncertainty in the world trade and the longest USA government shutdown ends after 37 days relieving the political uncertainty » Oil supply may fall due to Venezuela Political issue which severed economic relations with USA 	
India	Digitian Country Rating AA
<ul style="list-style-type: none"> » Indian market showed resilience in December 2018 and performed slightly better than world markets but in January 2019 caught in a bearish trend, given the rising oil prices and renewed pressure on Rupee; » Jet airways defaulted on payment to banks and in liquidity problem - may be a major performance issue for Banking and airline industries, while ICICI Bank's ex CEO issue and Dewan housing problem, heavily indebted IL&FS continued » India will be having its general election in 2019, the budget is expected to be populist while the opposition congress party brought in popular Priyanka Gandhi, of Gandhi family, into politics 	
China	Digitian Country Rating AA
<ul style="list-style-type: none"> » China factory activity contracted for the first time in 19 months in December as export orders continues to weaken, » In order to boost economy china further deregulated capital markets for inward foreign investment in derivatives, bonds repurchase, and private equity; 	
Kenya	Digitian Country Rating B +
<ul style="list-style-type: none"> » Nairobi stock exchange will see around 20 listings by mid 2019 as claimed By CEO of Nairobi stock exchange Among these are Bank of Kigali (leading bank of Rwanda), Family-owned retail chain Tusksys, investment firm Cytonn and vehicle and equipment leasing firm Vael Also there will be initial public offerings (IPOs) of some of the country's major firms, injecting much-needed liquidity into East Africa's leading securities exchange. » NSE will finally make the derivatives market operational by the end of June, 2019. » Kenya's NIC plans to merge with Commercial Bank of Africa (CBA) to create the third-biggest bank in East Africa. The aggregate asset value will be USD 4.4 billion. 	
Egypt	Digitian Country Rating BB
<ul style="list-style-type: none"> » Egypt's remittances from workers abroad rose 5.7% to around USD 23.3bn in the first 11 months of 2018, » Egypt economy will grow at a rate of 5.8%, up from 5.3% in FY2017-18; while budget deficit shrank to 2.3% in 1Q2018-19, down from 2.7% in 1Q2017-18 	



Tanzania	Digitian Country Rating C
<ul style="list-style-type: none"> ➔ Tanzania Economic growth rate is expected to drop a notch to 6.6% in 2019 Tanzania current account deficit widens as gold export decreases although Tourism recorded increase of 7%. ➔ IMF in its report pointed out that although the country's GDP growth remains strong, other economic indicators suggest a weakening of economic activity - Lower Tax revenue collections, stagnated credit growth reflecting rising non-performing loans (NPLs), slow budget implementation, a challenging business environment, and private sector concerns 	
Ghana	Digitian Country Rating C
<ul style="list-style-type: none"> ➔ GDP Growth surged to a one-year high in the third quarter of 2018, due to robust activity in the non-oil economy and is to expand at 6.0% in 2019, up 0.1% from last month's forecast ➔ The industrial sector once again led the expansion, growing at a double-digit pace in large part thanks to booming mining and quarrying output. Followed by the agricultural sector (due to higher crop yields), the health and social work sub-sector. ➔ In addition, Exports rose at the highest rate since Q2 2017, propped up by higher oil exports. 	
Nigeria	Digitian Country Rating D
<ul style="list-style-type: none"> ➔ The Health of Nigerian economy is projected to remain fragile with a 2.4% GDP growth. Nigerian economy is mainly Public sector driven and more than 70% of the economy run on the upstream oil industry ➔ It is again the election year for Nigeria and the result will be out by May 2019. So political uncertainty will remain in major part of the year 	
Bangladesh	Digitian Country Rating BB
<ul style="list-style-type: none"> ➔ Sheikh Hasina secured her third consecutive term as prime minister on 30 December, after her Awami League party won almost every parliamentary seat on offer. ➔ 2019 is expected to build on strong economic performance in 2018. The current account deficit in USD terms nearly halved largely due to higher exports of readymade garments and greater remittances from abroad. The GDP will grow at 7.4% in 2019 higher than 2018. 	



DIGITIAN MOMENTS

Courtesy : DIGITIAN
Global Consulting

The aerospace manufacturer and space transportation services in the private sector is becoming billion dollar business opportunity. This has helped replacing the manufacturing of Space Shuttle and satellite and their launch business from the Government domain to the Private domain mainly to reduce cost by over 10 fold, increasing launch reliability and faster turnaround. There are almost 9 companies in the space and growing, all are backed by American Billionaires like Elon Musk, Jeff Bezos, Richard Branson, Paul Allen etc. The most Prominent and successful so far is SpaceX of Elan Musk which commenced in 2002 followed by Virgin Galactic, Blue Origin (Bezos), United Launch Alliance (BA+LHM), Stratolaunch (Allen), Ariane Group, etc.

Space X developed Rockets Falcon (version 1, 9 and Heavy) and Spacecraft Dragon(version 1 & 2). Further it developed Rapidly Reusable Launch system. It is the first private company to successfully launch, orbit, and recover a spacecraft and first reuse of orbital rocket. The innovation sped up in the recent years post 2016. In January 2019 it successfully transported object into orbit. It has reduced the cost of preparing Orbital rockets by building Falcon 1 & 9 at USD 390 million in total which as per NASA estimate would have costed NASA USD 4 billion. Space X can launch a satellite only for USD 65 million. In 2019, Dragon 2 spacecraft would launch its first crewed flight to space.

Virgin Galactic on the other is a commercial spacecraft company since 2003. It aims to provide suborbital spaceflights to space tourists and suborbital launches for space science missions. After several failures, in December 2018, finally its Spacecraft Two VSS Unity reached an altitude of 82.7 km (51.4 miles), officially entering outer space by US standard with two commercial astronaut pilots. It is the first private company to take its customers to space.

DIGITIAN believe that in 5 – 10 years' time frame commercial space travel will be a reality and this will be a new investment option for main streets investors.

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DIGITIANS are those who born in or after the year 2000 and will be a dominant force through 2075. They are completely different in usage of their left brain and motor nerves. They are different from the Millennials in behaviour, thinking and action.

The world is changing superfast – media, communications, banking, currencies, education, retail channels, health & medicines, travel and tourism, consulting, manufacturing, agriculture, – every sectors facing disruptive innovations; Nano technology, internet of things, artificial intelligence and robotics will be overwhelmingly embedded. In this age, model disruption, extinction, miniaturisation, real time delivery, speed and virtualisation are neo normals.

We make you ready for them

HOW TO INVEST IN DIGITIAN CAPITAL

Presently DIGITIAN is raising money from Investor Class B and Investor Class C. If you need to know about Investment Opportunity. Please write to us or call us for more details at info@mydigitian.com

- Unique Access to Frontier & Emerging Markets
- Value Stock Pick
- Online Investment Platform
- Cheaper Cost
- Multi-bagger return
- Open & Transparent Upside Sharing

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