



**DIGITIAN
CAPITAL**



FUTURE FOCUS

Saugata Banerjee

saugatab@mydigitian.com

Enjoy Life

DIGITIAN VIEW!

We are enjoying your responses received on the newsletter and some genuine feedback, some request for stock tips, and some want to be investors with us; Great!! We hope this Newsletter will help you in some ways to understand the change that the world is embracing and how to take advantage of your Investments. By the way at **DIGITIAN Capital** we mainly focus on investment style, multi bagger stocks identification techniques, future market Trend and most importantly investment mindset to our readers in the markets where we operate. Debashish this time is writing on **Financial Independence**, which is a very important topic for setting the investment tone and life-goal, most of us often do not take note of.

We shall routinely live beyond 100 :

Now a life setting trend is catching up the 100-year life club. Growingly in the next 2 decades many of us and surely the next generation will routinely live beyond 100 years. A cleaner environment, better sanitation, improvement in preventive healthcare, advance medical science (breakthrough in gene therapy, stem cell research and regenerative biology all are and will increase the life expectancy. According to Professor Lynda Gratton, London Business School in the 'The 100 year Life' she predicts **“lifelong learning will be the new norm.”** Are we ready for it ? Have we done our financial planning right so that we can live longer at our

Continued Page 2

“We shall routinely live beyond 100 years... you need to do proper investment planning for additional 25 to 30 years ... need to pick your asset classes right and sit tight”

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
S & P	2784	2853	2.5%	13.8%	-11%
Nasdaq 100	7097	7786	9.7%	17.3%	-10%
FTSE 100	7075	7279	2.9%	8.2%	-12.9%
Shanghai Composite	2941	3091	5.1%	24.0%	-26.5%
NIFTY	10793	11624	7.7%	7.0%	2.9%
Nairobi SE 20	2932	2846	-2.9%	0.5%	-23.7%
Egypt SE 30	14804	15166	2.4%	16.3%	-11.8%
Tanzania All Shares	2090	2060	-1.4%	0.9%	-14.6%
Ghana Composite	2479	2449	-1.2%	-4.8%	-3.7%
Nigeria SE 30	1456	1393	-4.3%	-1.7%	-20.8%
Morocco All Shares	11136	10912	-2.0%	-4.0%	-9.4%
Bangladesh DSE 30	1999	1967	-1.6%	4.6%	-18.0%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
Gold	1314.25	1298	-1.2%	1.2%	-1.5%
Crude Oil	66.39	68.16	2.7%	25.9%	-19.1%
WTI Oil	57.27	60.52	5.7%	32.1%	-29.1%
Copper	2.945	2.96	0.5%	12.5%	-19.7%
Iron Ore	88.16	85.7	-2.8%	23.9%	-2.9%
Aluminium	1906	1924	0.9%	-14.7%	23.7%

terms. I will add that **you will have to do proper investment planning for another 25-30 years plus.** As Debashish puts it that you are lucky to see your investment growing 100 times in the next few decades, if you plan it properly.

According to me three most important things are **Health, Wealth and Alternate life purpose.** Of these Health is the priority, then you need to find an alternate life purpose (your second innings) -- you could be writer, singer or musician, an actor, a coach, a performer, a philanthropist etc etc. However, all these will be only possible if you plan your wealth properly and for that you have to make a portfolio of assets.

Assets Class – Timing what matters!!!

In this segment I would talk about some most important asset classes and how they behave in terms of performance over a long period in time. For a common people from main street the asset Classes are: **Fixed Deposit, Gold, Real Estate, Bonds and Stocks** (mostly in an order of Asian/African mindset). Further, you must keep your mind the cardinal principal that higher the risk the higher is the return :

1. Fixed Deposit

Fixed deposits are mainly offered by BFSI/ or by Corporate, carries fixed interest rate just slightly above or equal to the average inflation rate or even below like in most of the African countries(It varies 2.5% to 10% p.a.). Generally higher the period the better is the rate but depends upon liquidity and at times it is upside down.

Mainly it protects against inflation to the extent and it is better than cash under your bed. Very low risk other than bank failure, and almost zero real return but provides great liquidity.

2. Gold

I call it **over hyped Asset Class.** In 1915 gold was USD 484/oz and now It is USD 1231. So if we take 100 years return it is 0.9% p.a. if we take last 50 years from 1970 when the gold price was USD 235 and the return slightly improved to 3.4% p.a. like an interest rate in bank savings account. There were only two **GOLD RUN** for 10 years between 1970 to 1980 when gold hit the highest ever USD 2214 and 10 years return was CAGR 25.1% p.a. However those who hold on to gold lost 85% of their wealth as well, when gold tanked to USD 385 in 2001. The second Gold Run was between 2001-2011 in 10 Years the return was CAGR 17.5% p.a. Again investor lost 50% of their value since then **So Gold is highly speculative Assets and entry timing is most important.** As Buffett, rightly quips in the annual News letter "**The magical metal was no match for the American mettle (read stocks),**"

3. Real Estate Property

Another major Assets Class is the real Estate Property. I am not considering one residential house property you own for own living, so there is a misnomer when people say my residential house is X million because that is the replacement cost for maintaining the same standard of living. **Your investment in real estate starts when you own more than one residential houses or commercial space.**

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2019 %	Inflation %
USA	18570	29898	2.3%	1.5%
China	12238	6119	6.3%	1.5%
India	2260	2305	7.4%	2.6%
Egypt	331	53	5.1%	14.30%
Kenya	71	18	6.0%	4.4%
Tanzania	54	10	4.0%	3.1%
Ghana	43	20	6.0%	9.3%
Nigeria	405	101	2.40%	11.3%
Morocco	101	59	2.8%	1.0%
Bangladesh	221	40	7.9%	5.55%

Forex	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
EUR USD	1.137	1.123	-1.2%	-2.1%	-4.4%
GBP USD	1.326	1.303	-1.7%	1.9%	-1.0%
USD INR	70.790	69.290	2.2%	0.6%	-8.1%
USD KES	99.950	100.800	-0.8%	1.1%	1.3%
USD EG POUND	17.500	17.330	1.0%	3.3%	-0.73%
USD TZS	2343.000	2315.000	1.2%	-0.7%	-2.6%
USD CEDI	5.530	5.520	0.2%	-11.7%	-6.9%
USD NAIRA	361.000	361.220	-0.1%	0.8%	-16.1%
USD TAKA	83.870	83.940	-0.1%	-0.6%	-0.7%



In the last 34 years in New York the real estate price went up by 250% which translates to only CAGR of 7.5% p.a. In the last 22 years, since 1996 last recession, London real estate price increased by 600%, which translates to only 8.6% pa CAGR. In Mumbai Over a 20 years period, the property price increased at a CAGR of 7-8% p.a. **Thus, in three most high retail estate priced cities of the world, maximum return on Real Estate properties is 7-9% p.a. So in other cities of the world the trend will be lower or similar.**

Keep into Consideration :

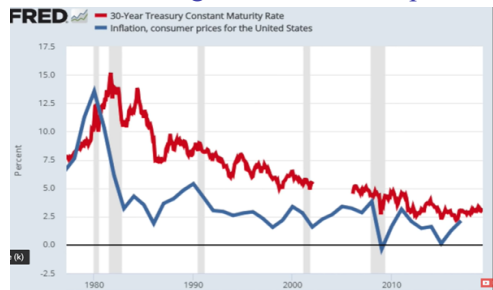
- Even in those cities there are pockets of locations where prices have declined
- In US the property peak cycle are at 10 years while in UK it is around 7-8 years and In India it is around 10 Years and it varies from country to country given the per capita Income growth, demand for housing, Supply for land and Infrastructure development.
- In case the property is bought with leveraged loan**, then the return on Investment will be 2-3 times the normal return i.e in the range of 15% - 25% p.a. depending upon interest differential, loan tenure and holding period plus tax advantage if any.

Real estate Investment is very profitable if the rental income from the real estate is 9% -10% p.a. **However timing of the real estate investment is very important**, it is always good to purchase when the property market is down (i.e. Average property value is multiple of 2-3 years Annual Salary - a thumb rule)

4. Bond :

The Bonds are issued by Sovereign in local market or at International Market and also by Corporates for longer terms

period from 2 years to 30 years. Generally, the bonds are priced higher than the inflation rate(refer to chart) In some Asian and African countries Bond yields are as high as 20% p.a. given the high inflation rate. Further, depending upon lower rating(higher interest and default risk), yield on Bonds can be between 5%-10% depending upon tenure. Return are higher than fixed deposits but liquidity is not that high either. Leveraged Bond can give you a higher return in the range of 10% to 18% p.a.



Courtesy: FRED

But **Again Timing of the Bond Investment is very important** since depending upon the interest rate trend and liquidity in secondary market bond prices fluctuates affecting the return.

5. Stocks

Of all the investment class, the best asset class is the listed stock of Business houses. However, it is also the riskiest class of assets. Over the 90 years period S&P 500 index of USA has given a CAGR of 9.8% p.a. Berkshire Hathaway of Buffett has given a CAGR of 20.5% p.a. since 1965. However it is not simple. **But it is possible if you are disciplined and follow Value Investing principles.** Further, the down cycle is 1-3 years unlike other class.

Since the underlying assets are profit making income generating live organisations which may be growing @ 20-50% CAGR or more, providing dividend yield as well as capital gain for a value investor a minimum gain of 15% -20% pa is normal. **However, timing of entry into a share and exit and creating a value portfolio are factors important to your plan.**

BEST CHART OF THE MONTH



Courtesy : Bloomberg

US Treasury 10 year Yield Curve showing a smoothen falling trend which is helping the bull run ”

From 1953-54 to 2015-2019



Courtesy: Investing.com

“ China Shanghai Market was down entire 2018, before recovering almost fully in the first 3 months of 2019 recovered a lot but still 10% shy of the peak ”





VALUE INVESTING

Debashish Neogi

debashishn@mydigitian.com

“..start with little regular saving & investing in the right asset class but start early is the key for your Financial Freedom... however, you can start at any time..”

Financial Freedom

As I discussed in the last issue how to create massive wealth, I mean disproportionate wealth say 100 times your annual income or 500 times your annual savings and get you financial independence.

As per wikipedia, **Financial independence means you have enough wealth to live on without working.** Financially independent people have assets that generate income cash flow that is at least equal to their expenses. Income you earn without having to work a job is commonly referred to as "**passive income**". For example, if someone receives \$50,000 in dividends from stocks they own, but their expenses total \$40000, they can live on their dividend income because it pays for all their expenses to live (with some left over). Under these circumstances, a person is financially independent. **But more than a standard definition, Financial freedom has to be personal.** Financial independence can be any or all of the following:

- Freedom to choose a career you love without worrying about money

- Freedom to take an international holiday every year without straining your budget;
- Spend in a lavish restaurant without looking into the right side of the menu
- More important is Freedom of time which most people under estimates.
- Freedom to retire a whole decade early;
- Freedom to respond to the needs of others with outrageous generosity;
- When you are financially independent, you have options to do what you like most;

Financial freedom can achieve through mainly in two ways (other than working for a company) :

1. Running a business which you own
2. Investing into multiple businesses
-read **Value investing**

It's up to you to decide to choose any one of the above ways or work !! Now the advantage with point 1 is if you are successful you can really make it big

Most billionaires in the world are entrepreneurs; **but the good news is, if you are happy with few millions then the best way is point 2.**

This is because when you run a business, if you are not successful, the exit becomes very difficult including the cost of the exit. Whereas when you want to make financial freedom through point 2, your exit is easy, including cost of exit and you can do entry and exit multiple times.

Now having chosen say point 2, how we know we have attained financial freedom. There are many articles written on this. Example : You need to have 50 times your annual expenses as your net worth, have USD 3-4 mio as networth excluding primary residence, to settle anywhere in the world etc.

To me the easiest and safest way to attain financial freedom is to see that your annual expenses is covered through the dividend income of the Equity Portfolio you are holding.

Now that to someone in early 20's/30's may sound a very difficult ask but actually it is not .

If you start early saving, in your career (say Mid 20's), whatever small amount, it is over a longer period of time the savings get built into enormous wealth. Then you retire much earlier than you think, do what you want to do, live your dreams the way you want to !

I have put a small illustrations both in USD and INR. Even if your start as small as INR 5000 per month (annually INR 60000) or USD 417 (annually 5000) ,increase your savings by just 2% every year and your money in stocks grows at 20% pa you can built after 3 decades, (30 years) wealth to the magnitude of INR 84 crore and in USD 70 Million.

Yes you are reading it right ,there is no typo error !! What is shocking is if the same person starts after 10 years, with double the money as monthly savings, or after 20 years with triple the money as monthly savings, his wealth is still less by 68% or drops by mammoth 92% respectively ! **What is in play is the power of compounding !!** In first case, the money whatever little is compounding for a longer time

than who starts late by another 10 to 20 years !!

Table 1 : Mid 20's Cumulative Wealth

Year	Cumulative	Annual	Return 20%	Total
2019		5000	1000	6000
2020	6000	5100	2220	13320
2025	61994	5631	13525	81150
2030	206224	6217	42488	254929
2035	570521	6864	115477	692862
2040	1482982	7578	298112	1788672
2045	3760068	8367	753687	4522122
2050	9433466	9238	1888541	11331245
2055	23558733	10199	4713786	28282719
2060	58715789	11261	11745410	70472460
Networth in USD mio				70.47

You can choose any small savings figure but the result of drop in net worth is going to be the same if started late. Please refer Table 2 & 3.

Table 2: Mid 30's Cumulative Wealth

Year	Cumulative	Annual	Return 20%	Total
2029		10000	2000	12000
2030	12000	10200	4440	26640
2035	123988	11262	27050	162300
2040	412447	12434	84976	509857
2045	1141043	13728	230954	1385725
2050	2965964	15157	596224	3577344
2055	7520136	16734	1507374	9044244
2060	18866933	18476	3777082	22662490
Networth in USD mio				22.66
Drop of Networth by				68%

Table 3 : Mid 40's Cumulative Wealth

Year	Cumulative	Annual	Return 20%	Total
2039		15000	3000	18000
2040	18000	15300	6660	39960
2045	185982	16892	40575	243450
2050	618671	18651	127464	764786
2055	1711564	20592	346431	2078587
2060	4448945	22735	894336	5366016
Networth in USD mio				5.37
Drop of Networth by				92%

Another fact is that if you start late as shown in Table 2 and 3 although wealth will not be as staggering as that of starting early, but still you would have accumulated enough to achieve financial freedom, albeit of a small degree. So the message is that **even if you did not start early, you can start late as it's better late than neverbut start and stay put**

In summary, start little regular saving & investing in the right asset class but start early is the key for your Financial Freedom!

Would want to end by requesting to ponder on a quote of Warren Buffet **“ If you don't find a way to make money while you sleep, you will work until you die.”**

Continued Page 6



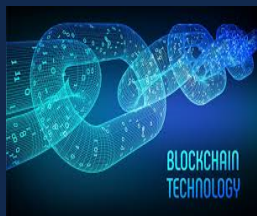
NEWS FROM FRONTIER & EMERGING MARKETS WE FOLLOW

Courtesy : DIGITIAN Global Consulting

USA	Digitian Country Rating AAA
<ul style="list-style-type: none"> » USA market continued its bull run for the 3rd Month with all indices rising. The index was boosted by optimism over the latest round of trade talks between the United States and China. » US Economy is also showing no sign of cooling with monthly new Job figure rising, inflation under control » Oil prices rose about 5.1% for the month and 31.2% for the quarter, posting their biggest quarterly rise in a decade, as U.S. sanctions against Iran and Venezuela as well as OPEC-led supply cuts overshadowed concerns over a slowing global economy. Interestingly, the spread between WTI and Crude is falling which is showing growing US oil Exports. 	
India	Digitian Country Rating AA
<ul style="list-style-type: none"> » Indian market entered the bullish zone before the election months with both major indices growing over 7.5% in March » FIIs poured as much just in two months (Feb-Mar 2019) in Indian equities as what they took out over last 6 to 7 months. March witnessed one of the highest inflows (nearly USD 45 billion) for any month since the bull-run started in 2014. » GDP growth has been slowing. A sharp monetary contraction is slowing the economy as growth in money supply is lagging the GDP growth. While Bank credit growth has picked pace lately, but the slowdown is driven by consumption (especially high value discretionary). 	
China	Digitian Country Rating AA
<ul style="list-style-type: none"> » China Market continued its bullish trend with 5% in March mainly on the expectation of a trade deal with USA. China's growth recovery is important growth outlook for Emerging Markets.. » The recent China stimulus was larger than expected viz.,TSF (Total social financing); and a direct ~3ppt EPS boost from broader VAT which helps chinese market to stop the slide 	
Kenya	Digitian Country Rating B +
<ul style="list-style-type: none"> » Kenya market again caught in the bearish Trend with fall of 2.9% in March removing almost the YTD gain in the first quarter of 2019. » Kenya's official foreign exchange reserves have risen to a five-month high, the reserves now stand at \$8.392 billion equivalent to 5.45 months of import cover. Kenyan Shilling is most sound currency in the sub-saharan Africa since beginning of 2018 » Interest Capping law has been declared unconstitutional by High Court with a suspended implementation period of 12 months, it will have a positive effect on the kenyan Banks once it takes effect. Although, Banks have registered record pretax profit USD 1.53 billion in 2018 	
Ghana	Digitian Country Rating C
<ul style="list-style-type: none"> » The country is planning to issue a 50-year bond after a highly oversubscribed USD 3 billion Eurobond sale on 19 March; the bulk of the funds will finance infrastructure projects. » The Ghanaian cedi plunged after the Bank of Ghana (BOG) unexpectedly slashed its key policy rate by 100 basis points to a five-year low of 16.00% and signaled further policy easing 	



Egypt	Digitian Country Rating BB
<ul style="list-style-type: none"> → The Emirates NBD Egypt Purchasing Managers' Index (PMI) fell to 48.2 in February from 48.5 in January, representing the lowest reading since December 2017. → The finance Budget is in line with the government's IMF-backed reform program, targeting a lower fiscal deficit on the back of a restrained rise in spending and strong economic growth boosting revenues. However, inflation is again back to 3 months high. 	
Tanzania	Digitian Country Rating C
<ul style="list-style-type: none"> → Tanzania maintained 7th Best Investment Destination in Africa as per Rand Merchant Bank Report. Tanzania inflation increases to 3.7% in February 2019 and Growth is subdued → Tanzania Mortgage Loans Market grew by 22% in 2018 which shows that effect of housing starts may follow → Tanzania mobile Internet penetration has nearly quadrupled from 2010 to 2018, to reach 18.5%, with more than 8 million new mobile Internet subscribers added over that period. There is a huge opportunity for the growth for mobile penetration. 	
Nigeria	Digitian Country Rating D
<ul style="list-style-type: none"> → With the reelection of President Muhammadu Buhari won in February 2019, It is expected that the policy continuity will be there with high inflation and two hundle GDP growth rate → In March Nigerian central bank cut their policy rate to 13..5% unexpectedly by 50 basis points → The main economic engine of Nigeria being crude oil, not performing well due to huge corruption and lack of investment on modernisation 	
Bangladesh	Digitian Country Rating BB
<ul style="list-style-type: none"> → In March Bangladesh market witnessed a bearish touch when the market registered a fall of 1.9% ending the quarter with a 4.6% gain. This is a short-term correction post the election. → Saudi Arabia will invest around USD 16 billion in energy sector, oil refinery storage, electrical equipment, solar, health, and aircraft maintenance → The GDP is expected to record a super growth of 8.13% in 2019 as per Bangladesh Bureau of Statistics for the first time 	



BLOCK CHAIN TECHNOLOGY

A block chain is a continuously growing list of digital records in packages (called blocks) which are linked in a linear chain. Each block in the chain contains transaction data, is secured by cryptographically hashing and time stamping. The blocks of hashed data contain a hash of the previous-block so that blocks can form a chronologically ordered chain from the first block. The entire blockchain is retained on a wide distributed network of computers, meaning that no one person/entity or authority has control over its history. It becomes a public ledger with extremely rare possibility of data

tampering or alteration. The early commercial use of blockchain is seen in the crypto currency industry. However, this is just a tip of iceberg since Block chain is one of the technologies of Distributed Ledger Technology (DLT) consensus.

- ❖ A distributed ledger is a consensus of replicated, shared, and synchronized digital data geographically spread across multiple sites, countries, and/or institutions. The significant benefit comes from the robust environment for real-time and secure data sharing. Other than crypto currency application, Ripple, MultiChain, HyperLedger, Eris are some examples of DLTs.
- ❖ Traditionally, for business contracts the dependence was on Central authorities to trust one another. Blockchain makes it possible to have peers guarantee in an automated and secure fashion. Thus it has the ability to integrate the business systems and processes and that makes it a purveyor of trust and transparency. Block is not a transformational technology but it is a technology that facilitates accelerated transformation in business process.
- ❖ Whether the Blockchain or DLT will be the technology of the future that will depend upon the transaction speed, security, reliability, auditability etc. Presently financial services, healthcare, and government has shown inclination to adopt blockchain mainly in smart contracts, data information exchange, and supply-chain management.
- ❖ Microsoft is providing Blockchain as a Service (BaaS) platform. The same is backed by Microsoft Azure with hybrid cloud capabilities, extensive compliance certification, and enterprise-grade security. Five healthcare organizations — Humana, UnitedHealthcare, Optum, Quest Diagnostics and MultiPlan — have unveiled a blockchain-based effort that aims to make it easier to share provider directory data

Features like **interoperability** make it possible to talk to other block chains. This will be dominant as otherwise every business needs to have its own block chain which is not cost effective and operationally viable. The second aspect, is **immutability** of entries on the ledger. For example, in case of automotive industry, business can track not only origination location detail of the parts but even the souring of the lot etc. Any industries like automotive, retail, airlines, these are the opportunities. Particular stocks are Microsoft, IBM, NASDAQ, Alibaba, Fujitsu, MasterCard, Dailmler, RIOT, Overstock



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

mydigitian.com

Visit our website :

- Market Vision
- Indian Budget 2019 special
- Virtual Careers

We are looking for Virtual Analyst.

Apply at
Careers@mydigitian.com



Contacts us :

info@mydigitian.com
Standard Chartered Tower
Level 5 Emaar Square
Down Town, Burj Khalifa
PO Box : 35482
Dubai UAE

DISCLAIMER

Disclaimer: This communication is issued by DIGITIAN Investment Inc (Digitian Capital) on a strictly confidential basis. Digitian Capital is not a regulated entity. This document must not be regarded as independent research and has been prepared by Digitian Capital for information purposes only. Digitian Capital and its directors, employees, agents and consultants shall have no liability for any statements, opinions, information or matters arising out of, contained in or derived from, or any omissions from, this information package. All recipients of this information should make their own independent evaluations, should conduct their own investigation and analysis and should check the accuracy, reliability and completeness of the information. Investments discussed in this publication may not be suitable for all investors. Advice should be sought from a professional and authorized financial adviser regarding any investment products discussed in this publication before investments are made. Where this information package summarizes the provisions of any other documents, that summary should not be relied upon and the relevant documentation must be referred to for its full effect. This document is not directed to, nor intended for distribution or use by, any person or entity in any jurisdiction or country where the publication or availability of this document or such distribution or use would be contrary to local law or regulation, including the USA.