



**DIGITIAN
CAPITAL**



FUTURE FOCUS

Saugata Banerjee

saugatab@mydigitian.com

“Sector Diversification macro understanding of the growth sector is the key for identifying your bets in the market to achieve a market beating returns over a long period of time”

Sector Diversification

DIGITIAN VIEW!

The August 2019 continued with a bearish outlook all across the Market including USA markets, except **North African Markets especially Egypt (a Turnaround)** which marked a remarkable monthly growth of 11.5%. This is mainly due to overhang of the escalated USA/China Trade war tension. **This again shows the power of the market hedge concept of multi markets followed by DIGITIAN.**

In USA, our portfolio performing strongly with annualized return of 41%. Our Indian Portfolio is also performing very well even after considerable correction with an annualised return of 18%. The African Portfolios are waiting for upsurge with over 10% dividend Yield.

One of the main risk mitigation factors of Investment is diversification of the Portfolio. In this regard one of the researches we do is regarding the performance of various sectors in a specific market over various time frame. This provides you with the opportunity of entry and exit in value or growth stock in a particular identified sector.

As I always mention in my Article "Time with the Market" is very important in order to beat the market in terms of investment return especially when the market is at all time high with volatility and range bound movement. The main success trick is to identify the sector which will be performing better before riding the leading stock. Warren Buffet says **it is far better to buy a wonderful company at a fair price than a fair company at a wonderful price**

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
S & P	2980	2926	-1.8%	16.7%	-11%
Nasdaq 100	8175	7962	-2.6%	20.0%	-10%
FTSE 100	7587	7207	-5.0%	7.1%	-12.9%
Shanghai Composite	2933	2885	-1.6%	15.8%	-26.5%
NIFTY	11188	11023	-1.5%	1.5%	2.9%
Nairobi SE 20	2628	2467	-6.1%	-12.9%	-23.7%
Egypt SE 30	13392	14931	11.5%	14.5%	-11.8%
Tanzania All Shares	1947	1946	-0.1%	-4.7%	-14.6%
Ghana Composite	2344	2303	-1.7%	-10.5%	-3.7%
Nigeria SE 30	1139	1088	-4.5%	-23.2%	-20.8%
Morocco All Shares	11617	11711	0.8%	3.1%	-9.4%
Bangladesh DSE 30	1828	1791	-2.0%	-4.8%	-18.0%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
Gold	1413	1529	8.2%	19.2%	-1.5%
Crude Oil	64.42	59.08	-8.3%	9.1%	-19.1%
WTI Oil	58.02	55.16	-4.9%	20.4%	-29.1%
Copper	2.66	2.558	-3.8%	-2.8%	-19.7%
Iron Ore	120.09	90.91	-24.3%	31.5%	-2.9%
Aluminium	1800	1755	-2.5%	-22.2%	23.7%

Sectors	1 year (2018)	1 year (Sept18/ Aug19)
Health Care	8.63%	2.49%
Utilities	0.46%	15.14%
Consumer-Discretionary	-0.49%	3.35%
IT	-1.62%	9.06%
Real Estate	-5.64%	16.14%
Consumer-Staples	-11.51%	11.47%
Financials	-14.67%	2.87%
Industrials	-15%	0.43%
Communication Services	-16.43%	10.41%
Materials	-16.45%	-2.91%
Energy	-20.50%	-16.43%
S & P 500	-6%	7.70%
Nasdaq 100	-4%	6.00%

The above table is representation of the broad sector movement in USA Market in 2018 and YTD 2019. This shows when the market was really down in 2018 then also two sectors (Health Care & Utilities) remained positive and while in 2019 all sectors are up two sectors (Materials and Energy) are down.

Now the Question is How you would predict that Communication Service will be with winner in 2019 from -16.43% to 10.41% (a swing of 26.8%) or Consumer Staples (a swing of 23%) or Real Estates (A swing of 22%) or Utilities (a swing of 16%); while Financial Sector did not turnaround as much, Materials and Energy continued slide for the second year.

Therefore, you have to have an understanding of the macro economic factors affecting the various sectors in the economy and the global linkage. Otherwise you may purchase a super stock in Financial or consumer Discretionary but will have a very low return while if you have a super stock in Communication or Real Estate or Software your returns would have tripled.

This makes it ART than science.

For example, the back bone of the modern economy is the **Communication Service**- E-payments, media, IOT, AI, Cloud Server & BI- everything depends on Communication network. It will also be less affected by Tradewar. as more country specific and innovation mostly in USA/ Europe.

Real Estates and partly consumer staples are motivated by growing new jobs, increasing average salary, Fed rate cut reversed the interest rates in long term mortgage rates. In the same vein, Financial Sector got affected due to falling interest spread and all time low treasury bond yield.

Materials also did not respond much as most basic materials are falling from a peak due to lower Industrial demand projected in the rest of the world especially China, Except safe heaven metal Gold. Energy continued its fall due to over supply (mainly USA WTI) than falling global demand. Another important factor, within a Broad main sector there are subsectors which provide more granularity. Say IT which has a positive swing of 10.6% but actually within IT sector, Software and Media sectors grew by more than 20% Than Hardware/Chip which is more China dependent and affected by apprehension of post Tradewar cost escalation.

In the Digitian Capital, we are follower of this art, that may be the reason for our individual returns in the last 10 years happen to be a CAGR of 40%+ p.a. Most of the Investors could not provide the time it requires and burn their fingers.

Debashish this time is writing on the behavioral side of Investment, which is his own life philosophy and I hope you will all enjoy reading it.

Happy Investing

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2019 %	Inflation %
USA	18570	29898	2.2%	1.8%
China	12238	6119	6.2%	2.7%
India	2260	2305	6.7%	3.1%
Egypt	331	53	5.1%	11.80%
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%	13.0%
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	1.106	1.099	-0.7%	-4.2%	-4.4%
GBP USD	1.215	1.216	0.1%	-4.9%	-1.0%
USD INR	68.880	71.450	-3.6%	-2.4%	-8.1%
USD KES	104.150	103.500	0.6%	-1.5%	1.3%
USD EG POUND	16.550	16.587	-0.2%	7.9%	-0.73%
USD TZS	2299.000	2301.500	-0.1%	-0.1%	-2.6%
USD CEDI	5.400	5.475	-1.4%	-11.0%	-6.9%
USD NAIRA	360.000	362.000	-0.6%	0.6%	-16.1%
USD TAKA	84.520	84.495	0.0%	-1.3%	-0.7%

New Service : Surrogate Investment

Digitian Capital (DC) has launched a new service "Surrogate Investment". We have come across many of our readers who may not have USD 100,000 or equivalent to join the club and make their investment fortune. Further, we understand **TRUST & BELIEF** are two big factors confronting the small investors. The service is designed to address these issues while creating a family of DIGITIAN investors :

The features of Surrogate Investment (SI) :

1. Invest your own Money through your own custodian account (so no money transfer)
2. Only two markets : India and USA
3. Atleast investable funds of USD 20,000 or AED 10,000 or INR 10,00,000
4. Digitian Capital would give you names of only 1(one) share (on the basis of our model **WINGS to freedom**)
5. You will invest yourself on the basis of that Tips on that share
6. Digitian will advise you to sell the the shares at right point in time.
7. You transfer 20% of the profit you generated out of the sale of shares. (Say you invested USD 20000/-

in Apple and you sold it at USD 24000 then you will pay DC, USD 800 (20% of gain of USD 4000) 8. On receipt of USD 800 DC will provide you another name of shares where you will invest again USD 20000 or more

So it is **SIMPLE .. SIMPLE**

Why you should avail this service?

- you do not have time like us so you are getting a professional specific advise
 - Your money is in your own account. You can sell whenever you want
 - Digitian capital is doing all the hard work, Selecting the share, monitoring the performance of the company, attending AGM and Investors Conference, advising you the buy and sell time with entry and exit price.
- Fees for the Service :**
- a) ZERO UPFRONT Fees
 - b) Upside Fees of 20% of the profit **only on realisation** of the profit (So Zero risk)

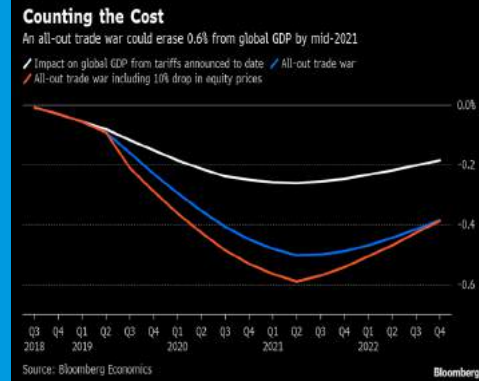
Process :

- 1) Sign up in www.digitiancapital.com
- 2) Get share Tips in the portal



In the pictures, we are with our partners Fayaz Patel Ex HDFC Bank and Ravishekar Krishnswamy CEO Phoenix discussing with Dubai Investors in Park Regis Kris Kin Dubai UAE

BEST CHART OF THE MONTH



“ An all-out Trade war could erase 0.6% from Global GDP by mid-2021” - The effect on Global GDP curve -- due to current Tariff (white), All out Trade War (Blue) & AOTW + 10% drop in Equity Price (Orange)



“ EV to BEST EBIDTA EV is still lower than EV to trailing 12m EBIDTA curve --- Valuations not setting off alarm bells for a market crash ”





VALUE INVESTING

Debashish Neogi

debashishn@mydigitian.com

“.. determine how much enough is enough ...take your time but don't shift your goal post ... create a passive income sources as a buffer.”

How much money is enough ?

Since I left my thriving career 1.5 years back many have asked me how has been the journey. To everyone, I say that when I left my job my intention was to do and enjoy what I was passionate about (investing) but **I underestimated the “freedom” of time** – Now I decide whom to meet , when to meet, how to meet and most important whom not to meet. My job was paying me very well, there was absolutely no complain apart from one –the freedom of time. It was becoming extremely difficult to pick myself up from bed on the first working day of the month and go to office – it reminded me of my school days.

Now this happens almost to everyone at some stages in life ,to me it may have happened little early . Most of us wants to lead a good quality life before one take the plunge from job and call it quits. **For this an important aspect is how much money is needed and how enough is enough ?**

Before we decide that we must understand one most important thing. Between Money and Time, the later is most valuable than anything else as once time passes you can never get it back. So the question is one wants USD 2 mio at 40/50 years or USD 10 mio at 80 years. **Now that’s a trade off between absolute money to time, the person who call it quits at 50 years with USD 2 mio has less money than the 80 years but have more time to enjoy life.** From the 80 years perspective he has lot of money but very less time. Hence the trade off is not money, the trade off is a combination of money & time put together. This brings to the main question how much money is good enough and at what time? Again for this we need to first understand what we value in life? Is it the swanky house or the luxurious car? or that glittering diamond or Gold which is to be shown to others or traveling business class and paying triple, sometimes quadruple fare only for 3-4 hours! Or you want a holiday to explore the world, meet real friends etc etc.

First decide for yourself and prioritize those things and assign value to it, find out how much

money you need for the same to last, till you die. Ex say you decide that all the materialistic things does not give you kick, what matters is the experience .

Say you like quality over quantity, for you no use having 3000 online friends, 3 friends is good enough, you want to meet them and hence want to travel to meet them ,travel with them ,or travel without them as travel is what you enjoy. Value the cost for travel in your regular annual expenses .

Say you are of age 40 and decide that you want to retire at 50 and you need USD 4000 pm now .The amount you would need at age 50 for the same level of expense would depend on inflation. Assuming an inflation of 4% the same USD 4000 at 40 yrs is equal to USD 5,921 at 50 years .

Now if someone expects to live till 85 years with an expense of USD 5921 the corpus one needs for next 35 years depends on again the inflation rate and the return one generates. If you just have an investment return of 6% (remember inflation is 4% which means you get real return of only 2%), the corpus

needed at 50 years to last you till 85 years is circa USD 2 million .If you get return of 10% the same drops to half (ie USD 1 mio).

You can decide to build that capability in you (preferred option) or take professional help like ours to outsource the investment return.

Another approach to mitigate downside risk is that you could have a passive income (other than investment return)whereby you instead of leaving job permanently at age 50 years you will have part time income and hence the corpus needed may be lesser or work with same corpus but part time income acts as a buffer .

Remember the most important thing, by definition “want is unlimited”, if we cannot define want (read defining by what we value), then how much money is enough becomes a moving goal post. Our life is like internet recharge time package, we have limited time and hence defining what we want is like defining in that time what we want to surf on net (read what we value). Then and then only “what is enough” doesn’t become a moving goal post .

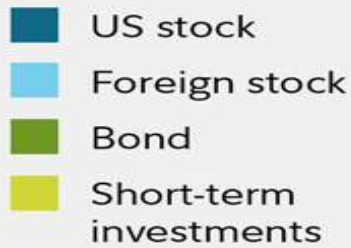
It’s important to take a quick recap of the post:

- Realize that when you are defining enough, that enough is a combination of amount of money and when you need it .

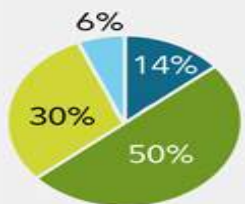
- By design the more money you need to accumulate, the more time you need to sacrifice accumulating it. This is a trade-off between time and money.
- Identify what you value the most . Once you know what you value, you can then begin to put a price on how much a good life actually costs.
- Look at outsourcing investment return to professional if you cannot do on your own .You may also look at passive income to look for lower corpus or keep it as buffer.

Continued Page 6

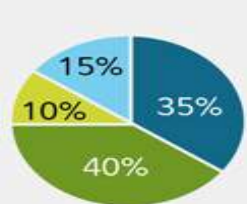
Retirement Planning



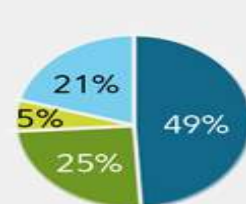
Conservative



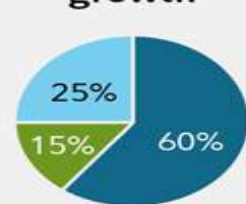
Balanced



Growth



Aggressive growth



Annual return %

	Conservative	Balanced	Growth	Aggressive growth
Average annual return	5.96%	7.97%	8.98%	9.67%
Worst 12-month return	-17.53%	-40.37%	-52.61%	-60.45%
Best 12-month return	31.06%	76.57%	109.55%	136.07%
Worst 20-year return (annualized)	2.92%	3.45%	3.13%	2.70%
Best 20-year return (annualized)	10.98%	13.83%	15.34%	16.49%
Historical volatility	4.49%	9.54%	13.03%	15.71%

COURTESY: MORNING STAR 2019

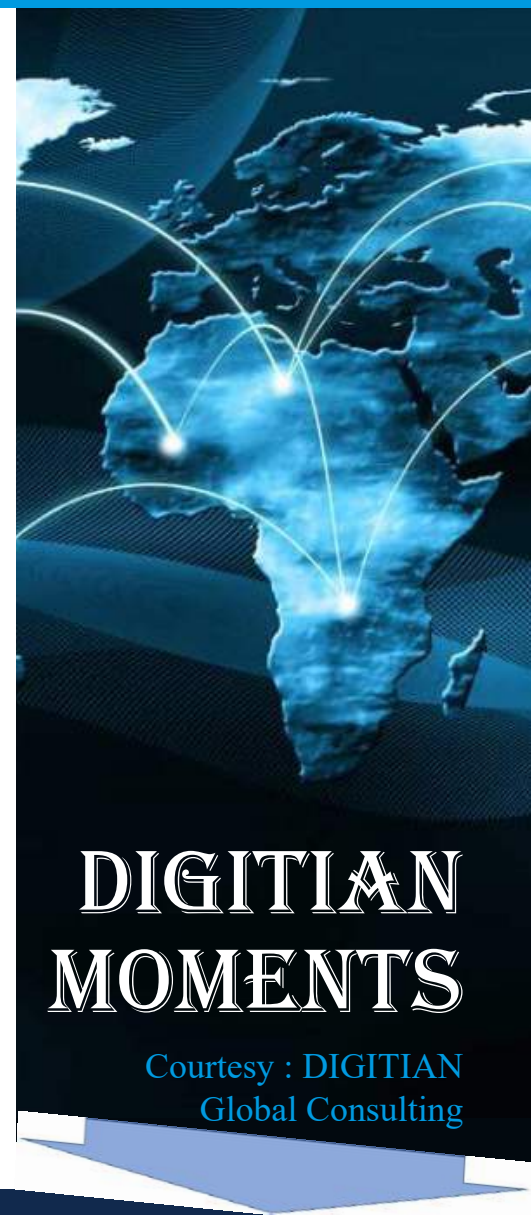
NEWS FROM FRONTIER & EMERGING MARKETS WE FOLLOW

Courtesy : DIGITIAN Global Consulting

USA	Digitian Country Rating AAA
»	The USA Market is still showing that bull are strong, given the range bound movement around the peak on the back of good employment number, wage growth, PMI, housing start; Recession is now predicted in 2020 end or beginning 2021
»	US Fed is showing some willingness to the cut rate further in September 2019 given the fall in the Quarterly growth to 2.1% while inflation below 2%
»	US- China Trade stalled again with US Government almost certain to impose fresh duties from 1st September, China may also retaliate with more duties on US Export
»	
India	Digitian Country Rating AA
»	The Budget effect on the Investment mind continues even after withdrawals of some newly imposed taxes on FPI and capital Gain still the market is in bear mood due to falling economy.
»	GDP growth has been surely slowing and now expected to be around 6.2%.in 2019. Inflation slightly inched up further. Further, Currency depreciated back to INR 71-72 against Dollar
»	In a unique move, government withdrew USD 24 billion from the special reserve account of RBI which will be spent on various Government projects.
»	Indian Finance Minister has introduced several stimulus measure to boot start the economy. More stimulous is required in September 2019
China	Digitian Country Rating AA
»	China Market behaved the same manner like USA market after the Chinese State Council says it's slapping tariffs ranging from 5% to 10% on \$75 billion U.S. goods in two batches effective on Sept. 1 and Dec. 15 and 25% tariff will be imposed on U.S. cars;
»	China's Export drops 1% in August after 1.6% in June 2019 due to trade war with USA and sluggish USA demand
Kenya	Digitian Country Rating B +
»	Kenya capital market continued to be in the bearish mode and registered a YTD decline of 12.9% (2018: 20.9%)
»	Kenya Central Bank started demonetization process for KES 1000 note and collected 50% of the circulated bank note still september month to go.
»	Forex reserve fall below 6 months plus the Central Bank warned against significant forex scam
»	Nairobi Stock exchange commenced Derivative Trading Exchange
»	US Marijuana Company Bangi is getting crosslisted in NSE while kenol Kobil delisted
Ghana	Digitian Country Rating C
»	Ghana Stock market dipped further in September by 1.6%; overall the market is still down around 10.8% year till date. Although MTN has raised Cedi 1.15 billion in IPO.
»	Ghana's Cedi continued its downward slide with a YTD drop over 11% after it slided 6.9% in 2018; This remain the perennial problem of African countries.



Egypt	Digitian Country Rating BB
<ul style="list-style-type: none"> • Egypt EGx30 index registered a remarkable turnaround with a 11.5% jump in a month never seen before. • The inflation for the First time in the last 6 years dipped to 7.5% which prompted Central Bank to cut deposit and Loans rates by 150 basis points. The market is expecting more cuts probably next cut will be in the next meeting on September 2 • Egyptian Pound is holding grounds and gained almost 7.9% YTD. • In a Government statistics report published poverty figure is 33% up from 25% in 2015. 	
Tanzania	Digitian Country Rating C
<ul style="list-style-type: none"> • The economy seemed to coming back in track in the later half of the 2019. Credit growth was robust. GDP Growth is stated by Government to be 6.6% • Tanzania Inflation is slightly dropped to 3.6% p.a. However, the Tshiling holds ground and remained at the same level. YTD fall of only 0.1% • Songo Songo Gas Production increased by 68% and Barick Gold Took over Acacia as per the settlement with Government 	
Nigeria	Digitian Country Rating D
<ul style="list-style-type: none"> • Nigerian Stock market continued the monthly drop of 4.5% mainly due to oil price volatility, while the Naira slided slightly against Dollar. • Nigerian Economy is still 90% dependent on Oils as major source of Exports • Nigerian Industrial PMI improved to 54.6, it shows growth in the non oil products while the inflation is at 11.4% falling and the GDP growth slows down to 1.94% in the second quarter 	
Bangladesh	Digitian Country Rating BB
<ul style="list-style-type: none"> • In August, Bangladesh market witnessed a further fall of 2% mirroring Indian Markets; • Trade deficit falls by 16% due to surge in export especially Apparel which exceeded export Target by 5%. The inflation is controlled at 5.2% • Remittances from Diaspora grew 21% mom to reach \$1.56 billion in a month • One third of the NBFIs are in dire state due to financial liquidity crises and increasing non performing loans; 	



DIGITIAN MOMENTS

Courtesy : DIGITIAN
Global Consulting



ROBOTIC VEHICLE (RV)- SELF DRIVEN CAR

Digitians will be welcoming this big move from e vehicles to Self Driven Cars. Uber and lyft of the world is predicting the death of car ownership and decades of self driven robotic vehicles will be the future. Amazon, Fedex and UPS of the world is looking for the RV like yesterday for solving the delivery issues; Domino, Zomato and Swiggy of the world is looking for RV for their food delivery solution. Although it is also started in 1960 by US defense, but now it is more privatised; By some estimate, it will be a \$ 800 billion market by 2050 - a really long one.

We believe that advancement of RV is also linked to AI, Internet of things and Virtual reality - simulating each every move in the various factors on the road. So while the real test have started in various parts of USA and Europe its still will take a decade to meaningfully commercialize the idea by the Sectors/industry mentioned above. Further there will be plethora of legislative changes required in each and every country for this to actually work on the road. Let understand and comprehend the various usage it may have :

- ❖ **Individual Use:** If RV can be used to dropping kids at sports while you are relaxing at home, sending sick family members to hospital while you are away, traveling from a suburb/ex-burbs without long traffic hassles, using cheaper car park after dropping you at city center ., senior citizens moving around on their own.....so many uses possibilities;
- ❖ **Logistic Operation :** As mentioned it will help in a great way the logistic operation of the OECD countries companies like Fedex , DHL etc will be benefitted from accuracy, lower cost and speed for the last mile delivery
- ❖ **Commercial Vehicles :** This will undergo a change in big ways both for commercial heavy duty vehicles, agricultural machinery, cab services etc
- ❖ **E commerce :** The ecommerce business will be very much liberalised and can set up their own RV platform for delivery; Companies like Amazon, Ali baba, flipcart etc will be benefitted for end to end control;
- ❖ **Consumer Staple and discretionary :** The brick and mortar retail consumer companies Walmart, Target, Mark & Spencer or Tj Max, Birlington, Dominos, Mcdonalds etc will have more reach to their customers or customers to reach them through bundled service'
- ❖ **Real Estate :** It will also see an effect due to possibility of diversification in suburbs and ex-burbs and offering better price and experience to customer
- ❖ **Marketing, media and Content :** Given the people will have more time in their car while traveling they will be more looking for media/content which the marketing companies would like to take advantage. Google is already eying for the space and has bigger plan so will be netflix, Baidu etc.
- ❖ **Education :** RV will surely displace a huge number of professional drivers in the next 20 years which requires significant retraining of the millennial workers

DIGITIAN predicts that RV will be the main driver of investment fortune increasingly in 5-10 years. so keep watching the new companies;



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 Equity Investor in various classes (A, B and C) depending upon investment amount. This is a Unique opportunity to **select a Zero Tax destination to Invest money especially for Diasporas**. If you need to know about Investment opportunities, Please write to 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 (trading as DDigitian 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.