



DIGITIAN CAPITAL



FUTURE FOCUS

Saugata Banerjee

saugatab@mydigitian.com

“Loose to win is the operational strategy of sustainable success in investment like in life...if you do not loose you do not learn how to win .. are you an effective looser?”

Loose To Win

DIGITIAN VIEW!

MARKET WATCH

The September 2019 brought back the bull in the developed worlds (USA , UK) and in India & China except **African** countries. This is mainly due to rate cut by Fed and positive tweet on the upcoming talks between USA/China to solve Trade war tension in October 2019. **The market is thus range bound and almost binary linked to Fed rate Cut, USA/China Trade Tension, and Brexit (Iran Sanction took a back seat)**

In USA, our portfolio performing strongly with annualized return of 34%. Our Indian Portfolio is also performing very well with Indian market recovering an annualised return of 18%. The African Portfolios still waiting for upsurge with over 10%

dividend Yield.

In this issue I will be talking about a very important strategy in Life - **LOOSE TO WIN**. This is more important given the markets across the world for the last one and half year is behaving in range bound manner with more trading than value investment. Although the market is reaching new heights but the sectors are different and within sectors also shares have completely volatile except very few ones (like Apple).

Those who would like to have success in what they do, they will be always going through a series of failures. We all know failures are the pillars of success. **But we do not discuss failures**. This is also very true for Investment. Everyone will tell you that I have made huge money in these stocks but they will cover their failures.

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
S & P	2926	2976	1.7%	18.7%	-11%
Nasdaq 100	7962	7999	0.5%	20.6%	-10%
FTSE 100	7207	7408	2.8%	10.1%	-12.9%
Shanghai Compsite	2886	2905	0.7%	16.5%	-26.5%
NIFTY	11023	11436	3.7%	5.3%	2.9%
Nairobi SE 20	2467	2431	-1.5%	-14.2%	-23.7%
Egypt SE 30	14931	14257	-4.5%	9.4%	-11.8%
Tanzania All Shares	1946	1928	-0.9%	-5.5%	-14.6%
Ghana Composite	2303	2201	-4.4%	-14.4%	-3.7%
Nigeria SE 30	1088	1147	5.4%	-19.1%	-20.8%
Morocco All Shares	11711	11562	-1.3%	1.7%	-9.4%
Bangladesh DSE 30	1791	1756	-2.0%	-6.6%	-18.0%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2019 YTD %	2018 %
Gold	1529	1471.5	-3.8%	14.7%	-1.5%
Crude Oil	59.08	59.69	1.0%	10.3%	-19.1%
WTI Oil	55.16	54.55	-1.1%	19.1%	-29.1%
Copper	2.558	2.556	-0.1%	-2.9%	-19.7%
Iron Ore	90.91	92.89	2.2%	34.3%	-2.9%
Aluminium	1755	1718	-2.1%	-23.9%	23.7%

However, all smart investors will tell you that they have lost huge money before they corrected their strategies in down or volatile market. I also lost money in investment in every turns of the market, but always tried to learn lessons out of those learning and came back with larger gains when I cut the risky paths and when I started to identify the signs of value play and market play. In each market you have to develop your own strategy and continuously diversify in the periphery while containing the core risk mitigated format.

Let me give another example of LOOSE TO WIN. In life few times I played Roulette in Casino. I always lost the first couple of hours, but after the initial few hours I started winning and made huge gain, So whenever I went to play I kept a certain sum of money that I would loose. I try to delay the losing trails and will allow me atleast 1-2 hours to understand how the roulette table is getting handled by the Dealer. I will win some but loose most which are at random without any intelligence. A time will come I will be left with few chips/ no chips. But by then I started seeing some pattern in the table and started assigning risk mitigated probability. Once I have that feeling, there is no beating as I will be playing a 'Zero sum Game' and would target few variations at a time, so that even if I will loose in some pockets but if one pocket is hit I will have higher gains than the loss in a single game. So in each game I will be net gainer. Invariably the house will take note of my winning strategy(like Markets) and they will try to change their patterns. I have seen they changed the dealer

on plea that he/she is tired or they stop the gain on the pretext move to next Table(market conditions changed). This was the time, I withdrew from the game and encashed my chips for cash and always left with 5 to 10 times gain. **(You have to remain outside the market when you fail to understand the game).** That's may be the Warren Buffet's rule 1 - Never Loose Money in the market and rule 2 - never forget the rule 1.

So you have to loose before you win. That requires "Time with the Market". It is very important in order to beat the market in terms of investment return.

Let's look at the present market, many of the new age Value stocks (with high losses) like Tesla, Square, Roku, Sarepta are valued incredibly high on the basis of Future EV/EBIDTA. A single news - like few basis points lower growth in customer number or average user time spent may create significant value volatility. Some growth stocks which have a growing sales and profitability is valued so high like Netflix (PE 94 times) etc will be shedding values given the changing user dynamics and increasing catching up with competition. Even super stock like Facebook/google with quarterly growth results is not a safe stock which has seen 40% to 60% volatility in last 12 months. So there is very few safe stock at this moment and the learning is through loosing. In case of Billion Dollar IPOs the situations are highly volatile - most of the stocks have lost 40 to 90% of their IPO values : Uber/ Lyft, Cannabis Stocks, NIO, Smile Direct Club etc (all are loss making)

In such a market only loose to win strategy will armour you with the necessary sustainability for long term gain. So cut your losses, learn first and form strategy to win. Continued Page 3

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	1.099	1.089	-0.9%	-5.1%	-4.4%
GBP USD	1.216	1.229	1.0%	-3.9%	-1.0%
USD INR	71.450	70.779	0.9%	-1.5%	-8.1%
USD KES	103.500	103.850	-0.3%	-1.9%	1.3%
USD EG POUND	16.587	16.280	1.9%	10.0%	-0.73%
USD TZS	2301.500	2300.000	0.1%	0.0%	-2.6%
USD CEDI	5.475	5.435	0.7%	-10.3%	-6.9%
USD NAIRA	362.000	361.500	0.1%	0.7%	-16.1%
USD TAKA	84.495	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 advice 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)

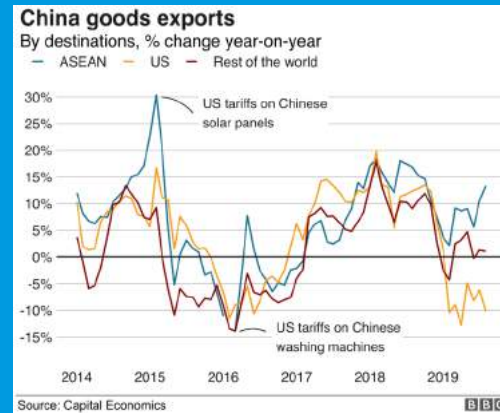
Process :

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

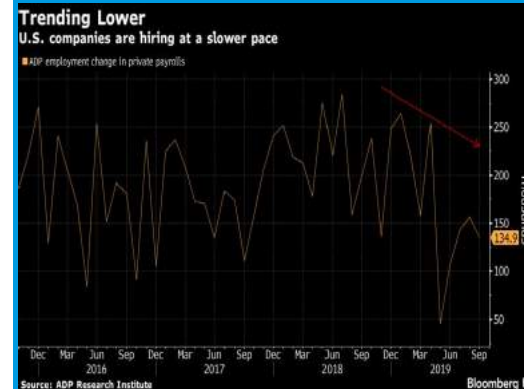


In the pictures, we are with our partners Fayaz Patel Ex HDFC Bank and Ravishekar Krishnswamy CEO Phoenix discussing with Dubai Investors in Park Regis Kris Kin Dubai UAE

BEST CHART OF THE MONTH



“ Although US-China Tariff Trade war caused china's export to USA to fall, but overall China's goods export registered a growth in 2018/19 ”



“ US companies hiring at slower pace, which could be precursor to slowing demand and manufacturing ... a sign of recession. ”





VALUE INVESTING

Debashish Neogi

debashishn@mydigitian.com

“..be greedy when others are fearful and fearful when others are greedy” basically Buffet is saying to buy when price falls with respect to value and doviceversa.”

Advice to Novice Investors - How to Invest

Often I have seen that people are scared of investing in stocks. They either feel they don't understand or they feel its gambling and hence purely a luck play. While there is an element of luck in it but purely its not. Stock investing is a mix of skill and temperament (read Behavior). Its possibly one of the rarest profession where the temperament is more important than skills. Temperament to stand tall when you see that you have invested in a quality business but because of fear the stock has tanked more than half and you actually donot panic. Instead you keep buying – as Warrant buffet says it's a place where you need to be greedy when others are fearful and vice versa. **This write up is just an attempt in the direction to advice novice people who wants to start investing in a small way.**

Value and Price : One of the most important trait for an investor is to find what is the difference between value and price. Price is what you pay andvalue is what you get. Take up any industry which you understand or work for.

Pick up the market leader or the number 2 or 3 in that sector, try understanding their business, strategy, execution and the financial. Since it is the sector which you know it will be relatively easier. Once it is done see if you were to own a small fraction of the business, at what price you would bought the business. This is the value which you are willing to pay but in reality the stock price can be high or low but rarely at your price. **A good investor waits for the right price at which junction its equal to the value.**

Differentiating between value and price is the most difficult to do .In reality when price comes down (in relation to value) people find it difficult to buy. Infact they do exactly opposite when the price goes up when they should be selling the business but they keep buying thinking it will further go up. Remember what Warren buffet keeps saying **“be greedy when others are fearful and fearful when others are greedy”** basically he is saying to buy when price falls with respect to value and do vice versa.

Focus on not Good but great companies – History have always shown that over very long period of

time (talking over a decade) its always, quality pays. **Mostly investors makes a mistake here ,they want quick returns. Returns (read compounding) is a factor of rate of return (R) and Time ie number of years (N).**

Now the question is which is the most important variable in the formula of compounding and why? Actually both Returns (R) and Number of Years (N) is important.

Which one is bigger?

1. 25% for 10 years or
2. 40% for 5 years

Above concept is very important to decide when it comes to investing. If a business has a very long durability then it makes sense to work with lower rate of return. Classic example is companies which deals with brands where there is free cash flow for very long time and hence those businesses (if purchased at right value) generates very reasonable return to investors for long period of time (example of 1 above). Whereas a technology business can give very high return in the beginning but can get disrupted very soon after few years (example of 2 above). It is interesting to note that Warren buffet actually has a great affinity of investing into brands compared to any technology business .

Continued Page 5

See the below chart, off course time remaining same (10 years here) if rate of return is more the money compounds more. But assume that the durability of the business is only 5 years then even with 35% and 45 % return you make only 4.5 and 6.5 times money in which case it is better to compromise on very high return but look at durability .

1. 25% after 10 years = 10 times
2. 35% after 10 years = 20 times
3. 45% after 10 years = 40 times

Rule of 72 – As a concept of compounding, to find out quickly (and approximately) how much time it takes to double your money. Simply divide 72 by the rate of return ie if rate of return is 24% pa then it takes 3 years to double your money (72/24%). Similarly if you know the number of years then you can decide whats the % return needed to double your money .

Coming back to the agenda of “great companies” - in Indian context there are less than 500 good companies in numbers. These good companies account for more than 2/3rd of market cap in India.

It is easy for investors to find out these good companies. In fact most of the investor knows which these good companies are. But now it is difficult to sort out the Great companies out of these good companies. **Once you are able to filter these great companies, the task now lies how to get better returns.**

- Bringing focus and discipline – stick to core competency/sector
- Look at Value and not price and hence buy at the right value
- Investment is not a race –even if you treat it as a race the slow and steady wins the race;
- One need not be envious and not be proud as Mr Market will surely bring you down. Like **Steve jobs said “stay hungry and stay foolish” and consider Mr Market to be always right .**

Selling is most difficult – Having done above which is buying at right value and keeping it for long period of time then comes when is the right time to sell. Frankly there can be a structured way of deciding when to sell but this becomes most difficult .

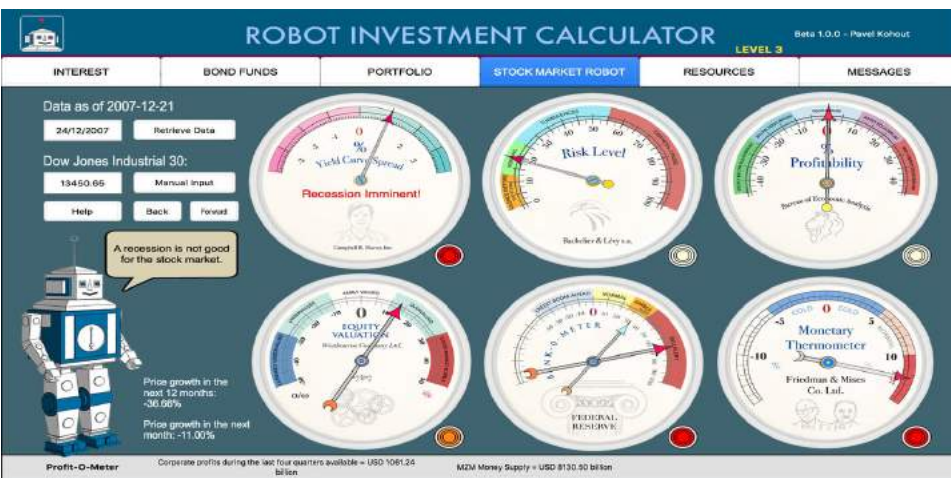
Being a vivid follower of Warren buffet and trying to always follow value investing this becomes difficult for me also after investing for more than 2 decades .

As per Warren buffet the right time to sell is “never” when you have identified and bought the right business .According to me in this volatile ,uncertain ,complex and ambiguous world where the entire business cycle and dynamics are changing so fast that it becomes difficult to hold for very long time .

Ideal time to sell is either or all of the scenario :

- Any corporate governance issue
- The business model have changed because of which you had initially invested
- The stock has risen very high much ahead of the underlying business itself
- Any macro issue which will impact the company immediately
- Opportunity income is much more somewhere else for you (in any other investment)

Continued Page 6



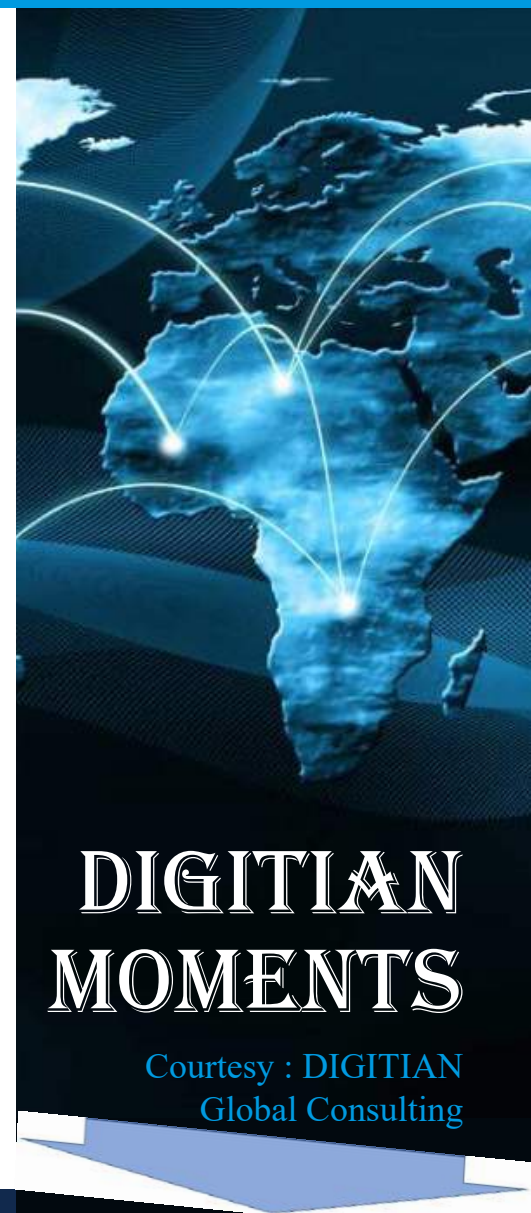
NEWS FROM FRONTIER & EMERGING MARKETS WE FOLLOW

Courtesy : DIGITIAN Global Consulting



USA	Digitian Country Rating AAA
<ul style="list-style-type: none"> » 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
<ul style="list-style-type: none"> » Indian finance Minister declared a landmark fiscal incentive by lowering the coprorate tax rate by 5% and in addition special tax rate of 15% for newly set up manufacturing companies » The market responded positively by 3.7% , the bull run is back but the the duration will be dependent on the actual economic recovery. » The Indian economy is slowing with a 5% GDP Growth in July-Sept quarter with Consumer Sector is showing a great fall in confidence with passenger vehicles sales down 36%, tractor sales dropped 13%, 2 wheeler sales dropped 17% and domestic air traffic dropped 1.8% » Reserve Bank of India cut its rate for the second altogether 110 nbasis points on the back of low growth and low target inflation; 	
China	Digitian Country Rating AA
<ul style="list-style-type: none"> » China Market behaved the same manner like USA market with the hold on fresh tariff on the hope of some outcome in October Trade meeting with USA » China's Export drops 1% in August after 1.6% in June 2019 due to trade war with USA and sluggish USA demand GDP growth is decelerating @ 0.2% per quarter with projected Q3 growth at 6% while actual Q2 was 6.2% and Q1 was @ 6.4% 	
Kenya	Digitian Country Rating B +
<ul style="list-style-type: none"> » Kenya capital market continued to be in the bearish mode and registered a YTD decline of 14.7% (2018: 20.9%); In this manner no recovery is expected given demonetization drive » Kenya parliament for the second time ruled out any the abolition of rate cap, which has dashed the hope of revival of private sector investment and growth; » Kenyan diaspora remittance dropped by \$71 million (23%) month on month although TTM figure still shows 9% growth » Kenya has the fourth largest number of KES Billionaire in Africa - 361 in total » Mobile money transaction hit Shilling 2.5 trillion(\$240 billion) (YTD 11.1% growth) 	
Ghana	Digitian Country Rating C
<ul style="list-style-type: none"> » Ghana Stock market dipped further in September by 4.4%; overall the market is still down around 14.8% year till date. 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"> • CBE cut its rate second time by 100 bps given the disinflationary condition but Egypt EGx30 index gave up half of the last month gain. This shows the inherent undercurrent with a protest in Tahir Square which was curbed by the Government strong handedly • The inflation for the First time in the last 6 years dipped to 4.3% with trade balance improved 32.5% year on year and the domestic deposits grew m-o-m(0.9%) to EGP 2.6 trillion • Egyptian Pound appreciated in September and gained almost 10% YTD. but the foreign deposit hit a low level at \$42.90 billion and Public Debt level of Government fell to 90% of GDP 	
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 came back strongly with a gain of 5.4% mainly due to oil price volatility, given the Drone attack on Saudi aramco on 18th sept, while Naira strengthened slightly against Dollar. • 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 September, Bangladesh market witnessed a further fall of 2% with a YTD loss of 6.6%; • 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; 	



Drones

It started as unmanned aerial vehicle (UAV) in USA defense when the first drone Predator crossed into Afghanistan in September 2000 in search of Osama Bin Laden and found him within 2 weeks (even before world trade center attack). The drones were mainly used as spying platform in the past. As per research of Goldman Sachs, the US military will spend more than \$ 70 billion on drones over the next few years and Private segment will be \$ 21 billion. Now the drones have crossed over to other areas than defense use. The following areas have been seen in the corporate world :

- ❖ Logistic Operation : Drones are used in logistics to lower costs and increase productivity
- ❖ Communications : Drones are used to beam Internet to remote places around the world
- ❖ Disaster Recovery : Drones are being used to send food and medical supplies to hard to reach areas hit by hurricanes and earthquakes
- ❖ Entertainment : Quadcopters are like mini helicopters with high definition cameras attached to these. This helps users to take high definition photo from sky. it is now used by Individuals and entertainment industries.
- ❖ E-Commerce : The commerce business will be very much using this for delivery of high value low volume packages through Drones
- ❖ Real Estate : Construction companies are using drones to produce 3 D images of properties. This results in better measurement and survey time over 95%.
- ❖ Agriculture : One of the major implementation area, Most agriculture solutions require satellite and lite aircraft for imagery for monitor crops and identify problems; Drones provide a significantly cheaper options and later on can be used for using fertilizers/pesticides
- ❖ Oil & Gas : Drone are used to inspect offshore platforms and refineries. It will help to reduce maintenance costs, provide security coverage. These can also be used for surveying and inspecting pipelines
- ❖ Insurance : Drones will also be extensively used in the Insurance industry for claims management - easy and accurate measurement of claims at site

More commercial uses will be possible as the drone price is crashing and becoming affordable. From USD 1200 + in 2014 to less than USD 300 today with higher functionalities. This is the tip of the iceberg with IOT, robotics, AI could spread to cover more areas of commercial use from Health. Main drone players in the commercial space Dajiang Innovation Technology Co. (DJI) (holds almost 60% of the market) a privately held Chinese company. Only two listed all-drone company is AeroVironment (AVAV) and Heico Corp(HEI). Others big names include Sony, Nvidia, Teledyne, Go pro, IFly ETF and in defence space BA and LMT



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 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. A 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. Where this information