



**DIGITIAN  
CAPITAL**



## FUTURE FOCUS

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“ while Coronavirus Pandemic is spreading, due to excessive stimulus liquidity at a cheap cost, any reversal in trend is generating lot of optimism in the market and entire market is chasing few sectors, helped the market to create new peak ”

The New abnormal 2- Partial Market on a roll

# DIGITIAN VIEW!

We mentioned **New Abnormal** in April 20 Newsletter and **Anti Fragile** in May 2020 and for the third month USA Markets continued its new **Anti fragile spirit of 2020**, way the market is taken over by the Tech stocks, in July NASDAQ will be touching 11,000 and S&P will create new high. In June 2020, other markets have come back strongly especially India and China taking cue from USA. The bull run is for sure pumped by Fed by creating huge liquidity at a lowest cost;

**OUR USA RETURN in 2020 (30th June 2020):**

**25% vs S&P 500 YTD -4% (2019 28%)**

This clearly shows our ability to perform & beat this volatile market.

Given the upcoming Q2 result seasons starting from 14th July 2020 the bull run will continue in July with correction in the stock specific results. The correction is expected in August if the average decline is more than -43.3% and coronavirus spread.

The coronavirus pandemic is spreading globally @60% per month with new global superspots have emerged in South America, Indian sub-continent and Africa. **Month of June entirely changed the trajectory.** One needs to keep a close watch on the pandemic, to understand the correction ahead. Read our **Monthly Dossier on Coronavirus (Click)**

**One of the major market advisors Zacks.com recently posted how the markets is rigged.** Computer-driven High-Frequency Traders (HFTs) have a big advantage over investors like you and me especially in today's historic volatility.

## MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2020 YTD %	2019 %
S & P	3044	3100	1.8%	-4.1%	28.9%
Nasdaq	9489	10059	6.0%	12.1%	35.2%
FTSE 100	6076	6170	1.5%	-18.2%	12.1%
Shanghai Composite	2852	3008	5.5%	-1.4%	22.3%
NIFTY	9580	10359	8.1%	-15.0%	12.2%
Nairobi SE 20	1948	1952	0.2%	-26.5%	-6.3%
Egypt SE 30	10109	10765	6.5%	-22.9%	7.1%
Tanzania All Shares	1809	1830	1.2%	-11.1%	0.9%
Ghana Composite	1941	1884	-2.9%	-16.5%	-12.2%
Nigeria SE 30	1097	1070	-2.5%	-9.2%	-16.9%
Morocco All Shares	9852	10169	3.2%	-16.5%	7.1%
Bangladesh DSE 30	1361	1341	-1.5%	-10.7%	-20.1%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2020 %	2019 %
Gold	1692	1801.55	6.5%	18.5%	18.5%
Crude Oil	26.67	41.56	55.8%	-37.1%	22.0%
WTI Oil	19.02	39.6	108.2%	-35.3%	33.6%
Copper	2.34	2.76	17.9%	-1.4%	6.3%
Iron Ore	83.83	103.86	23.9%	13.5%	32.4%
Aluminium	1492	1621	8.6%	-10.1%	-20.1%

They can execute massive volumes of trades faster than the human brain can react, bending stocks to their will.

Even when the market scales higher, they fire off short trades, scaring folks into selling stocks that are actually strong. Next they. . .

1. Pocket quick profits as the stocks tumble.
2. Then buy those same stocks as they bottom out, and ride the rebounds for still more profits.

**These tactics are very effective and their wins almost always mean sizeable losses for everyone else.**

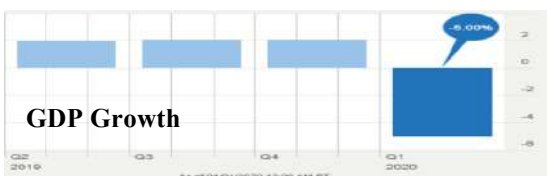
**Trend 1:** This created the volatility to be in the range of 26-35 and the Institutions have been making profits of the increasing trading volumes and to continue the same pumping more liquidity in the market.

**Trend 2: Fear of Missing out (FOMO) :** Given the speculative profit potential, Individual Investors are coming back with stimulus money, the FOMO is playing a big role.

**Trend 3:** Most of the tech stocks and new generation stocks are highly overvalued while economic linked stocks are priced as per the economic conditions.

**Trend 4:** There is no doubt that USA economic conditions and the global economic conditions has worsened. But given the liquidity and the demand for US Dollar the dollar is holding very strong against all major currencies (refer Table)

**Trend 5:** GDP of USA has taken a nose dive @ -5% in Q1 and so the GDP of most countries refer side Table.



**Trend 6 : The optimism is coming from reversing trends in CPI (showing deflationary trends), Factory Orders (reviving after falling due to opening) Retail Sales (coming back with end of lockdown) Unemployment (Falling figures)**



**Lift the Veil**

Overall the market fundamentals are getting weaker, recovery will be prolonged, bankruptcies will increase - but the **behavior of part of the market remains abnormal.**

All these optimisms and factors in play got reflected - indices are up but only 5 of the 11 sectors are rising as shown in the slider



**Now the question is how you will Invest in this market? You can only invest if you are in the market everyday or rely upon professionals who are in the market for you. Follow Our Guidelines in April 2020 Newsletter (Click here).**

**COUNTRY DATA**

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2020 %	Inflation %
USA	21729	26689	-3.6%	0.6%
China	12238	10290	1.6%	-2.0%
India	2260	2305	-3.2%	4.2%
Egypt	331	53	1.6%	6.00%
Kenya	71	18	1.5%	5.1%
Tanzania	54	10	2.1%	3.7%
Ghana	43	20	2.5%	9.7%
Nigeria	405	101	1.00%	6.0%
Morocco	101	59	0.5%	1.0%
Bangladesh	221	40	1.0%	4.00%

Forex	Monthly Open	Monthly Close	Monthly Change %	2020 YTD %	2019 %
EUR USD	1.110	1.122	1.1%	0.1%	-2.3%
GBP USD	1.234	1.237	0.2%	-6.6%	-10%
USD INR	75.610	75.553	0.1%	-5.7%	-2.1%
USD KES	106.800	106.600	0.2%	-3.8%	-0.7%
USD EG POUND	15.840	16.140	-1.9%	-0.6%	11.60%
USD TZS	2314.000	2315.000	0.0%	-0.6%	0.0%
USD CEDI	5.785	5.785	0.0%	-1.5%	-14.5%
USD NAIRA	360.500	360.500	0.0%	0.6%	0.5%
USD TAKA	84.970	84.860	0.1%	0.0%	-1.8%







# VALUE INVESTING

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“Surrogate Investment is one of its kind digital investment advice product which helps to make money without losing control of your money, but investing less time and effort while remaining invested in the process.”

## Why I love Surrogate Investment ?

If you think about life , as you all may be aware, there are Five stages of life

1. Infancy-Earliest stage in human life.
2. Child hood - Second stage in human life cycle.
3. Adolescence-Stage of rapid change.
4. Adulthood - physical growth of body is complete.
5. Old age- Last stage of human life cycle.

Again the above is purely from biological perspective. If you break into “needs” as per Maslow's hierarchy of needs which is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid. ... From the bottom of the hierarchy upwards, the needs are: physiological, safety, love and belonging, esteem, and self-actualization.



Both Saugata, my childhood friend for last 31 years to be precise and partner now, and me are in a stage of self fulfillment needs. Both of us left a thriving corporate career spanning over two decades across countries. We left because there were somewhere an “emptiness” where we felt we need to do something bigger specially in the area where our passion lies – investment .

Both of us through our corporate career and investments have made enough wealth so that we don't have to worry rest of our lives. So now the drive for us is the “purpose” - **Lets make common people earn good money and free them up.**

First we have an advantage to be on both sides of the table – we have run successful listed businesses where we anchored AGM, faced and had conference calls with analysts/fund managers from all over the world. Now we as analyst and fund managers ask the “right” question to the promoters /CEO of the business so that our target company has sustainable profitable growth for years to come and in return the share price grows.

The difference between most of our friends and us is our “passion” for investment. When both of us came together we thought why most of our friends and common people don't

invest in equity markets We spoke to many –both people who invest/ who don't and also some reputed fund managers of our times. Our conclusion is as follows(in random order of importance) :

1. Common man consider investment in share market as akin to gambling;
2. Most people don't have time to invest ;
3. Some said they are not from finance field hence don't understand investment;
4. They don't trust fund managers as they will always give buy orders for vested interest

5.Fund managers gave an important insight - that when common man / investors invest they see absolute return in a bear market and relative return in a bull market

6. We found another interesting thing –common man can invest in gold or FD for abysmal low return of 5-6% pa but when it comes to equity market since they find it akin to gambling, their expectation is 100% return with a small capital. This is also one of the reasons people invest in penny stock, they don't understand what matters is the fundamental underlying sustainable moat in a company, at right valuation, what matters as the %

increase required for a desired return is same for penny or a high price stock .

Given the above both of us decided to break all of these “need gaps” and come up with a solution which serves the hugely under penetrated market, especially in Asian(Mainly India) - African and Middle East Markets. Keeping this is mind, we kept our purpose simple :

- 1)Open and Transparency in clients money which will be invested
- 2)High quality research and recommendations so that client make money in long term

Saugata has now developed a model which is called **surrogate investment**. Basically in nut shell it covers all the need gap above. Given common man doesn't have time to research, understand and execute an order in share market, we will help them with good research and recommendation through our way (we rely heavily on research, analysis, visits and scuttle butt ).Everything will be online through individual client log in.

Last but not the least, performance based - the client need not pay us. Basis our recommendation when pays us only when makes money. Money Part is handled by Client. So no risk to client !!

Someone asked us “ what if I don't pay after I make profit” –answer to him was very simple –“we don't earn on one recommendation but you have lost for life all recommendations”.

### Now the most important question how our recommendations doing ?

Till now through our website we had recommended one share in last October 2019, at a price of 400. Just after our recommendation the share price by February'20 (before the covid crisis) sky rocketed to 1100+.Now imagine that's a 200% + ROI in one investment.(Refer October 2019 Newsletter) But there are many similar recommendations which are in a short span of weeks have gone up 20%-50% and has the potential to do 2-3 times multiple from the current level. To add to the spice lets see my recommendation for one such multibagger X .

*Wider acceptability of Electric Vehicles (EV) in the future is also bound to drive the demand for LED auto lamps of X (have good JV partners in Japan for technology ), are at the forefront to capitalize on this emerging opportunity.*

1.Plan to hive of LED luminaries business which was a drag on ROCE

2.One important measure for me is pricing power which is reflected in EBDITA margin which is 12% lower but it is one of the best in its industry.

*I am assuming this will increase as the price of LED lighting is 2-2.5 times higher than normal Halogen lights.*

**Risks** : 1. Client concentration risk – 2 clients contributing to 68% of the business - I think they are riding the right growth horse and the principal companies cannot change supplier so quickly .

2. there could be further slowdown in the automobile industry

**Valuation** – We purchased/ recommended at 294, then the PE was 5.4 compared to 21 ( last 5 years average ). Price to Book value then was 0.75 .Price to sales is only 0.30 .If you calculate payback of profits for next 5 years ,it will be more than present market cap.

*As per Ben Graham valuation model the stock should have a market cap anything between 800-1200 cr ,currently at a market cap of 475 cr and hence there is reasonable margin of safety in buying for long term .*

### So what are you thinking?

**If still you don't know what to do, there is no “tax” or “risk” in trying this innovative digital service - just a click of a button away. We have kept it free so you have nothing to lose**

**Start your millionaire Journey.**

Happy Investing!!



### Black Live Matter Movement - Remember

A cause drove millions of People to roads during Covid-19 violating the social distancing norm. We saluted, we showed the indifferent capital markets and we were worried about human lives

### The result is seen at the end of the Month

USA has seen the most drastic rise in Infection and the highest death in a month over 20000 people. Now how the most literate people behaved and to protest the death of a single person caused the death of so many persons and many more.

**Think Before you Commit**



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](mailto:info@mydigitian.com)

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