



**DIGITIAN  
CAPITAL**



# FUTURE FOCUS

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“ ..Now you have the full view of the effect of pandemic and the fundamental outlook & process changed drastically, virtualisation accelerated in our lives, this is the right time to create a medium term portfolio”

Basic learning from Pandemic - Fundamentals changed

# DIGITIAN VIEW!

As I have been writing for the last few months, markets in USA has super performed without any logical reasons other than excess liquidity, the same continued for the month of August as well in USA and China which is followed by most markets. For USA we are heading for a crash in September/October 2020 for sure before the USA election but for other markets you have to see whether they catch the same sneeze. Given the over valued Tech stock, it is better to be careful and only invest in value stock.

Read our Monthly Dossier on Coronavirus (Click)

**OUR USA RETURN in 2020 (31st August 2020):**

**20% vs S&P 500 YTD 9% (2019 28%)**

In terms of Investment learning, pandemic *has completely changed fundamental thinking process of the business - suddenly remote working is the trend, spending on virtualisation is overwhelming Driver is the race for digital process & delivery (GTM) It is now strongly established that anything which are digital and virtual will be highly valued. The age of real Digitian Stock has arrived*

*Secondly, if the liquidity is extraordinary then the Top performing stocks (Mcap \$ 250 bn +) in the market will not only bounce back but it will create unprecedented new highs in a shortest possible time. That should be the blind bet. For example: Amazon was \$2134(peak) before Pandemic, during pandemic its AWS business grew strong and so was its digital retail sales to home.*

## MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2020 YTD %	2019 %
S & P	3272	3522	7.6%	9.0%	28.9%
Nasdaq	10745	11923	11.0%	32.9%	35.2%
FTSE 100	5898	5862	-0.6%	-22.3%	12.1%
Shanghai Composite	3311	3410	3.0%	11.8%	22.3%
NIFTY	11073	11470	3.6%	-5.9%	12.2%
Nairobi SE 20	1811	1795	-0.9%	-32.4%	-6.3%
Egypt SE 30	10599	11233	6.0%	-19.5%	7.1%
Tanzania All Shares	1800	1827	1.5%	-11.3%	0.9%
Nigeria SE 30	1053	1080	2.6%	-8.3%	-16.9%
Morocco All Shares	10229	10286	0.6%	-15.5%	7.1%
Bangladesh DSE 30	1420	1696	19.4%	12.9%	-20.1%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2020 %	2019 %
Gold	1971	1819	-7.7%	19.7%	18.5%
Crude Oil	43.64	45.73	4.8%	-30.7%	22.0%
WTI Oil	40.44	42.91	6.1%	-29.9%	33.6%
Copper	2.86	3.02	5.6%	7.9%	6.3%
Iron Ore	108.9	122.53	12.5%	33.9%	32.4%
Aluminium	1709	1819	6.4%	0.8%	-20.1%

Its revenue grew 35% in Q2 but the share grew from \$1,656 (Mar 16) to \$ 3,499 (Aug 31) a growth of 111% in 5 & 1/2 month and a new high at 63%, Mcap 1.48 Trillion PE 134 -unprecedented.

Apple in spite of closing retail stores world wide increased to \$536 a growth of 140% and a new high at 58% Mcap \$ 2 trillion PE 34.

Similarly, all the leading shares behaved in the same manner: Facebook(108%) Netflix (93%), Microsoft (72%)

The matter of concern is that the market is in grip of a **bullish bias** - a price bubble is created for technology stock which is not sustainable. There is no limit to multiples of earnings, sales, cash-flow or book value when it comes to tech stocks. During pandemic these stocks created unbelievable Values

**Tesla** (Electric car and battery train) grew 669% a market cap of \$448 billion PE 1145, **Zoom** (video communication) grew 248% Mcap of 128 bn PE 538 ; **Sales Force** (Virtual Work Solution) 124% Mcap 220 bn PE 94 **Veeva**(Cloud Software) 148% Mcap 40 Bn PE 129 and numerous such stocks which are new age profitable stocks

Similarly there are stocks which have not yet made any profit till date but market is taking a call basis Future performance expectation.

**Workday**(Cloud Financial/HR solution) grew 119% with MCap 41Bn Price to Sales 12x **Zillow** (Online real Estate) 313% MCap 20 Bn P/S 11x **Moderna** (Vaccine Biotech) 206% MCap 28 Bn P/S 50x. There are too many such stocks. All of these companies are spending 30-50% of their operating profit in **Research and development** - that is the key.

Thirdly, the market is shining only for a small sector recovery and price recovery in the rest of the market is very subdued

The Market is

**S&P100 (grew 61%) , Dow Jones 30(54%) and Nasdaq 100( 78%) performed better than their indices - so mainly top driven momentum and cyclical play.**

### Time to move into medium Term Holding (minimum 2 years):

1. By now all are clear how the market will behave in the pandemic - sector wise, which sectors are affected and which sectors are going to come back (refer our Last 4 months Newsletter for sectors & Stocks)
2. Create a Portfolio which should be 80% medium/Long term Holding and 20% Short Term
3. Use Product like **Surrogate Investor** for 20% of the portfolio which can earn you 40%-60% a year.

### Why Medium To Long term?

As we mentioned that we are expecting a major correction in the coming months and a cyclical movement among sectors as the economy opens up depending upon our shortlisted stock you need to build up the position gradually. There are lot of opportunities available in some of the sectors. However, depending upon your return expectation please remain heavyweight in the Tech sector, 40% -60% of your holding should be in Tech.

If you follow this plan you should be making a return 30-35% pa return over the next 3 years. The main criterion is to pick shares with long runway. However, please note that the market will be volatile, given the pandemic effect and USA election and recession is also around the corner but remember Good share will always perform. **Happy Investing**

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## 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	1.178	1.190	1.0%	6.2%	-2.3%
GBP USD	1.381	1.340	-3.0%	1.1%	-10%
USD INR	74.750	73.000	2.4%	-2.4%	-2.1%
USD KES	107.750	108.300	-0.5%	-5.3%	-0.7%
USD EG POUND	15.970	15.870	0.6%	1.1%	11.60%
USD TZS	2325	2320	0.2%	-0.9%	0.0%
USD NAIRA	381.000	381.200	-0.1%	-4.9%	0.5%
USD TAKA	84.820	84.800	0.0%	0.1%	-1.8%



# Be a millionaire Start Surrogate Investment ?

**World First digital surrogate investor platform** is now ready and for the first 6 months registration is **FREE**

Surrogate Investment refers to getting the benefits of Investment in stock like a professional without the pain of tracking the stock, studying the market trend and the time it takes to do the same. **REAL TIME**

## Why it is a success:

- **Skin in the game:** the fund managers picked up these shares and invested in themselves basis proprietary Research
- **Time to market :** They are keeping daily watch on the stock/market behaviour and that of the global trend
- **Regular Profit booking :** They make profit and you make too in the short run

- **Professional Expertise & Performance Track:** Fund managers are super Qualified Professional Experts with their Return CAGR varies between 35%- 48% over last 10 years

## What you have to do ?

- Have your trading account for full control of your money
- Act fast when Buy and Sell advice is given and make Huge Profit
- Only pay Back if you made money

## Success returns :

Surrogate Investors are making 100%+ to 450% annualised return from each trade

## 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 medium value 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.

**If you have a loss from a tip it will be adjusted first from subsequent gain, before upside kicks in.**

So it is SIMPLE .. SIMPLE

Why You should avail this service?

- You do not have time like Professional Fund Managers 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.

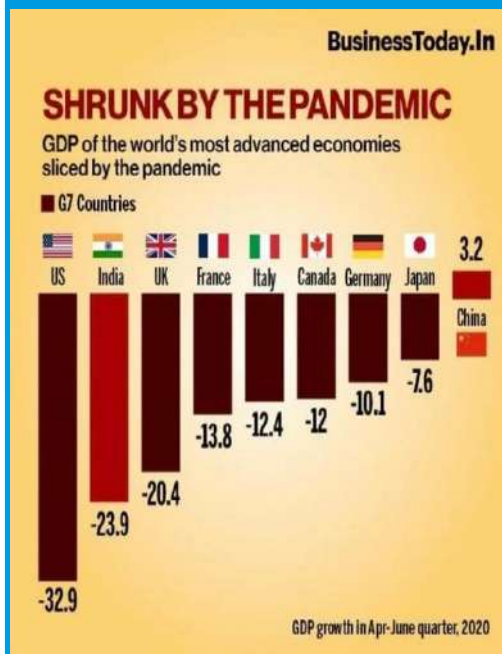
## Fees for the Service :

- a) ZERO UPFRONT Fees
- b) Upside of 20% of the profit **only on realisation** of the profit (So Zero risk)

Process :

- 1) Sign up : [digitiancapital.com](http://digitiancapital.com)
- 2) Start Your millionaire Journey

## BEST CHART OF THE MONTH



“This is one of the starkest chart in Pandemic effect on the major G7 economies including China and India. The GDP shrunk like never before for most of the leading economies of the world except China. However, the return of the economic growth will be also as dramatic with the opening of the economy”



# VALUE INVESTING

Debashish Neogi

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“..There is a structural bull run in play in India and inspite of dropping economic numbers, there are enough indications that in 2021-22 the performance will be improving, this is the right time to build your portfolio through Surrogate Investment ”

## Why Indian market is going up ?

**The million dollar question which comes to everyone’s mind is inspite of the Indian economy not doing well why the Indian market is keep going up.** While this question kept coming to me from different corners of society but what force me to answer and pen down is because of request of my school buddies some of whom have resorted to active trading now .

### From Madness to Sanity

In March 20, 2020 the India market along with global market fell more than 35% from the peak because of uncertainty (read “unknown -unknown” fear of Covid ) as to what was going to happen as if there is no tomorrow. Now typically a company simplistically derives half of its value from 10 years profit and next half from perpetual profit. For simplicity assume that a shelf life for a company is 20 years which means that every year is 5 % of profit with respect to valuation. **Then, if in a month share price drops by 35% means that the market in March was factoring then that Covid will wipe away profits of the companies for the next 7 years !!**

People who were smart started buying and when sanity prevailed, the market as I write this article is down by only approx. 5% from the peak which is exactly one years profit which Covid

has taken away. Most of the companies /analyst /market is ignoring FY 21 earnings rather concentrating on FY22 earning as if we have moved from FY20 directly to FY 22 ignoring one year in between. Why this has happened now because market discounts the future and hence, Mr Market is assuming going forward the economy will normalize in FY 22.

### Global liquidity

When global equity markets crashed in March, the USD saw tons of demand. After all, America has the world's largest and one of the most stable economies.

Economies everywhere were locked down to contain COVID-19. Investors were scared. So, they ran for cover and the safety of dollar-denominated assets. They piled into things like U.S. Treasury.. As they exited euros, yen, etc., to buy dollars, the increase in demand drove the value of the currency higher.

Then, the Federal Reserve stepped in to stabilize the situation. It took unprecedented steps through balance sheet expansion to try and stem the global economic slide.

The central bank cut interest rates to zero. It introduced a number of new

Special Purpose Vehicles to buy various debt assets. Additionally, it upped its purchases of sovereign debt to keep interest rates low. All these moves worked as designed. Investors front-ran the Fed and bought up the bonds the central said it intended to purchase. That helped to stabilize the financial markets.

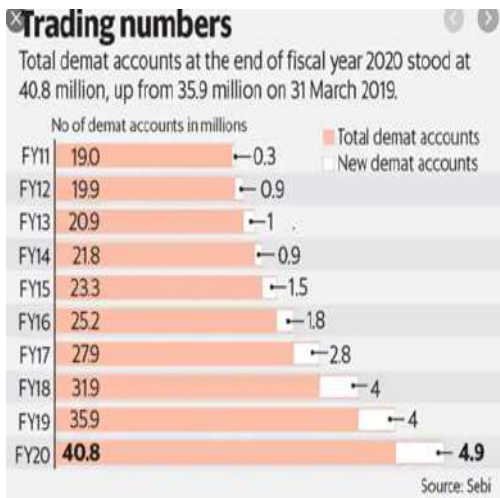
Congress followed suit by approving the \$2.7 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act. This had a similar effect. It supported tens of millions of Americans who were suddenly out of work. It also gave assistance to businesses everywhere to keep as many people employed as possible.

All of this pumped more dollars into the system. Suddenly, the globe was flooded with liquidity. Some of this money is flowing (in the form of FII) to emerging markets including India (please see the chart below )

MONTH ENDED	NET INV. (Rs m)	MONTH END (Rs / US\$)	NET INV. (US\$ m)
Jan - 2020	121,226	71.50	1,703
Feb - 2020	44,717	72.52	640
Mar - 2020	(587,155)	75.36	(7,870)
Apr - 2020	(68,836)	75.41	(901)
May - 2020	145,688	75.52	1,930
Jun - 2020	218,316	75.56	2,902
Jul - 2020	75,627	74.93	1,016
Aug - 2020	470,797	73.43	6,309

## Huge surge in Demat account

(retail investors money coming to Indian market ): Already there was a surge in retail investors coming to Indian market (please see chart below ) but this increase magnified post Mar 20 as most of the people in India have gone through strict lockdown /going through during first phase of Covid and hence surge in demat account and also daily cash trading. Today more than 70% of daily cash trading activity is done by retail which is at its highest ever in history .



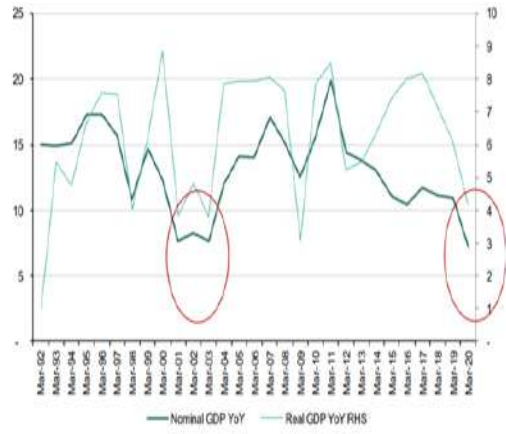
Even after such surge in demat accounts only 3-4% of India total population invest in Indian equities, imagine what would happen when this figure reaches double digit like developed countries !!

**In Short run, I don't know what is going to happen as when retail investors put money, market have**

**crashed but this time what is going to happen, again I don't know!**

But India in long run according to me is on a structural bull run similar to 2003(see below charts ). It may not happen immediately but may take few years for that to happen. **But next 10-15 years possibly is going to belong to India .**

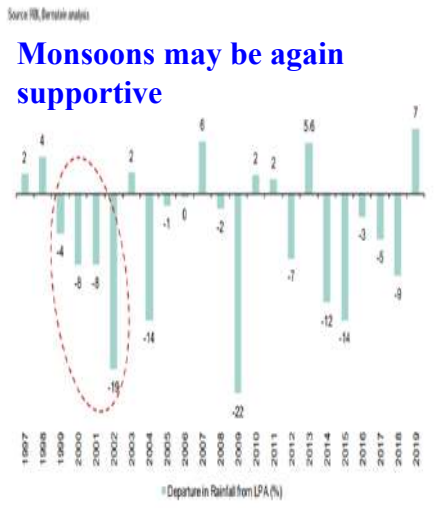
**GDP growth back to 2002 level- cannot be worse than this !**



India is still run by its rural India growth mainly by a good growth in agricultural sector. Mansoon in 2020 is good followed by good one in 2019 after 5 bad years.

Indian Banking system is also coming out of its high NPL level in and have been showing strong resilient in terms of bad Debts. The pharma sector is coming back strongly with the realisation that India has a low cost high volume production model.

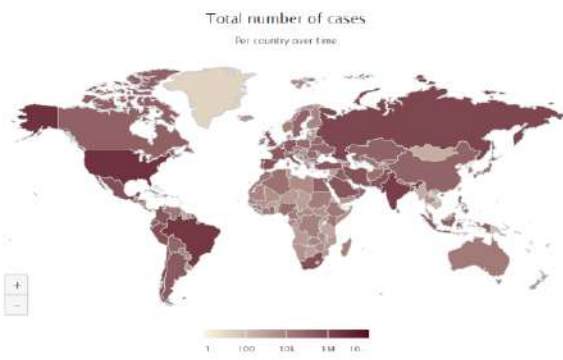
**Bank NPA: not deteriorated much**



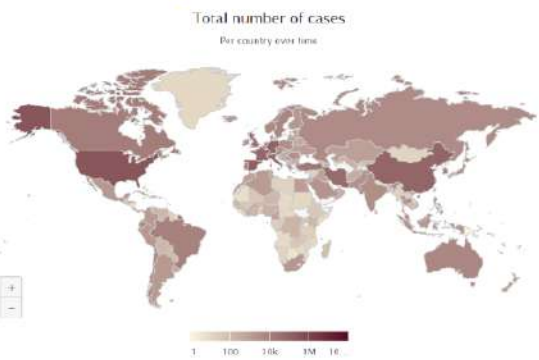
**So best way to play this structural bull run in India for long term ,is either you invest directly in India or rely on professional like us through our surrogate investment service in India .**

**Happy Investing and all the best !!!**

Aug 05, 2020



April 03 2020



**World as Infected**



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)

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

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