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DIGITIAN CAPITAL

Future focus

FUTURE FOCUS

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"..It is a great opportunity to get access to the long term Investors' investment book with a research capsule, buy/hold/sell real time guidance, and get a return of 20%-60% in 3-9 months- this is the unique offer Surrogate Investor brings "

Be sure before Holding for long term (Part 3)

DIGITIAN VIEW!

In the part 1 & 2, I mentioned that **everyone on the Investment community will guide you for long term investing and it is true that it is key for value creation. While this is good for creating a mindset you need to take many other factors into consideration. But before you hold for long be sure you are riding the right horse.** In this context we are discussing t**he main behavioural issues which are :(applicable to 95% investors)**

4. **Do not get married to a stock (Continued)** Take the example of Walgreens Boot Alliances(WBA). Walgreen is one of the largest Drug Store Chain in USA and Internationally. Valued at US $ 40 Billions. Average Annual revenue of $ 120 billions and Average net profit of $ 4.5 billion with 13000+ stores. **However if you have purchased the stock in 2001 at $45 and hold it as a long term investor after 20 years also you were holding on to $47.**

20 year Chart

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2021 YTD %	2020 %
S & P	4535	4357	-3.9%	16.0%	16.2%
Nasdaq	15363	14566	-5.2%	13.0%	43.6%
FTSE 100	7138	7027	-1.6%	8.8%	-14.3%
Shanghai Compsite	3582	3568	-0.4%	2.7%	13.9%
NIFTY	17323	17532	1.2%	17.5%	22.5%
Nairobi SE 20	2025	2038	0.6%	9.1%	-29.6%
Egypt SE 30	11301	10366	-8.3%	-4.4%	-22.3%
Tanzania All Shares	1976	1949	-1.4%	7.3%	-11.8%
Nigeria SE 30	1620	1674	3.3%	2.1%	39.2%
Morrocco All Shares	12767	13105	2.6%	16.1%	-7.3%
Bangladesh DSE 30	2531	2741	8.3%	31.8%	38.4%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2021 %	2020 %
Gold	1830	1761	-3.8%	-7.4%	25.1%
Crude Oil	72.46	79.1	9.2%	52.9%	-21.7%
WTI Oil	72.46	75.70	4.5%	56.6%	-21.0%
Copper	4.34	4.21	-3.0%	19.6%	25.8%
Irone Ore	144.83	115.8	-20.0%	-25.7%	70.3%
Aluminium	2732	2870	5.1%	44.9%	9.8%

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But WHY people will buy WBA in 2001 at first place: because from 1991 to 2001 it grew from $ 3.7 to $ 46 a whooping return of 13 times in 10 years; (So I am sure that there will be long term shareholders who are married to the stock**)**

Secondly, S&P 500 index grew from 85 to 4500 f``rom 2001 to 2020, the average stock market return for the last 20 years is 7.45% (5.3% when adjusted for inflation) i.e implies an inflation adjusted growth of 106%**.**

Thirdly upto 2013 (i.e 12 years) you would have been in the same price range of $47-$50,

Fourthly, during the same period the sales and profit of WBA have trebled and a very good dividend track record of 4-6%. In 2014 the WBA acquired Boots of Switzerland and finally the stock saw some upward traction. In 2015 it announced to purchase of Rite Aid (3rd largest drug stores in USA). **The price rocketed to $97 per share on 1st July 2015 for** couple of days. So as a Long term shareholder who purchased with the great news of merger etc in 2014 or 2015 at $ 60 dollar they would not have sold, as per per long term investing they would have though now again there will be the growth of 1990s and the share will be soon crossing $ 200. Till date it never came close to $ 96.

Fifthly, WBA is so strong a share that in **June 2018, it replaced GE in Dow Jone Index 30 top shares,** so just imagine pundits still think it can create more value and stable stock.

05. Bullish Value Trap :
This is another dangerous concern for entry into a share, there are tonnes of writing by pundits that always purchase a share when the price breaks its 52 week high price. You will make most of the money. They will take a **particular portion of say WBA chart and show how many times after crossing the then 52 week high the same stock has given you 2-10 times multiple** so that matches their thesis which is good for momentum trading but not that for long term investor.

If you have purchased **at $ 96 a share in July 2015** because it is a 52 week high break out **then after 6 years you are at $47 and lost 50% of your value. This is a Bull Value Trap.**

Now the biggest Investor of our time, **Warren Buffet (**who always preach that right entry price is the most important key for making money in stocks**) was** himself trapped **in the Bull value Trap** when he invested **in Kraft Heinz (KHC) at $ 73 in 2013 through Heinz** and finally acquired Kraft Food and sold at $31 in 2019 - a classic **Value Trap.**

Thus what is the learning from WBA

1. **Past history is not the guidance** for the sustainable performance (this will be more a baggage)
2. **Entry at the right price for the share** is very important at each point of entry; (always remember Buffet purchase shares at bargain and for that he waits...contrary to those who say remain invested in the market fully)
3. **Understnding Market Trend:** WBA has gone for major M&A when the world is moving towards digital having store every one mile is a question mark and main competitor CVS was looking for vertical shift by going for acquiring insurance companies to ensure steady flow billing at stores.

(To be continued)

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2021 %	Inflation %
USA	21729	50808	6.0%	2.50%
China	14340	10290	9.0%	1.9%
India	2650	2500	7.3%	5.1%
Egypt	220	42	3.2%	5.00%
Kenya	70	21	6.4%	5.8%
Tanzania	54	6.5	4.5%	3.7%
Ghana	43	11	4.2%	8.7%
Nigeria	421.12	42.00	1.90%	15.5%
Bangladesh	318	57	5.5%	5.76%

Forex	Monthly Open	Monthly Close	Monthly Change %	2021 YTD %	2020 %
EUR USD	1.188	1.159	-2.44%	-4.5%	8.2%
GBP USD	1.386	1.355	-2.24%	-0.9%	3.2%
USD INR	72.997	74.150	-1.55%	-1.4%	-2.5%
USD KES	109.900	110.550	-0.59%	-0.7%	-6.5%
USD EG POUND	15.650	15.650	0.00%	1.2%	1.26%
USD TZS	2314	2305	0.39%	0.6%	-0.8%
USD NAIRA	411.520	410.770	0.18%	-7.2%	-4.9%
USD TAKA	85.150	85.680	-0.62%	-0.7%	-0.2%

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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 :

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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.

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Fees for the Service :

a) ZERO UPFRONT Fees
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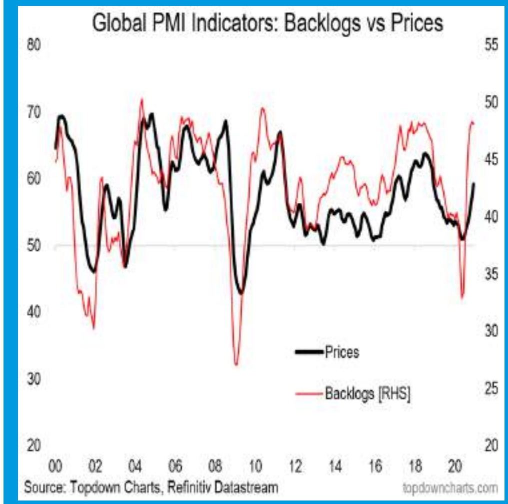
Process :

1) Sign up : digitiancapital.com
2) Start Your millionaire Journey

BEST CHART OF THE MONTH



Sign of recovery :

Global manufacturing prices are much more stable and came back to 2016 level, backlog clearance picked up just like after 2001 and 2009 crash.

Global Trade growth recovering but still lagging while shipping container throughput improved, bellweather PMI hitting 2018 high

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VALUE INVESTING

Debashish Neogi

"People react to losses differently... what is required Mental Fortitude .. use of left and right brain is very important...and the ability to live through volatility"

Investment mostly is about behavior and thought process

Anyone who has lived through a market crash has witnessed anxiety, dismay, fear and panic as wealth starts to vanish, and losses start to mount. It's how you react during these moments that defines what your returns will be; indeed what kind of investor you are and it's important to recognize that **different people react to losses differently.** That's just who we are. Many will panic seeing their wealth erode, while some may remain more zen like. In all walks of life, when things around start to look dark, our minds can entertain doomsday prophecies. During these times, experience, common sense, belief in one's plan, everything may desert us. **What is required is mental fortitude. Can you stick with your plan even in the darkest of times? Do you even have a plan?**

Experienced investors value support from advisers to help them be more disciplined, thus to become successful investors. Another way to deal with emotional volatility is to forget about it! **Don't look at markets every day, tune out the noise and put it in a locker.** If you don't have any clue what's happening on the outside, then it can improve your chances of staying invested and creating wealth. Alas, the proliferation of technology and social media, smart devices that are extensions of ourselves, the world just does not let us rest. Access to information is a double-edged sword.

An alternative approach that helps manage emotions is the **adoption of smart beta and rule-based risk management techniques**. The philosophy has its roots in probabilities and data and eliminates the behavioural aspect with regard to decision-making. Mass adoption by discerning investors is a matter of time.

In the end, **long-term investing is very much like elite sport.** Ultimately, the game is played between your ears. Creating significant wealth is not easy, it requires time. It requires strong mental skills. And having a good support team can add obvious value. But first and foremost, it requires you to make a beginning. Which, for most people, remains the hardest part.

Hedge Fund Manager **Mark sellers** delivered a talk to Harvard students .He talks about 7 traits – I have put an extract of the two traits I like the most !

"….. Trait #6 it's **important to have both sides of your brain working,** not just the left side (the side that's good at math and organization). In business school, I met a lot of people who were incredibly smart. But those who were majoring in finance couldn't write worth a damn and had a hard time coming up with inventive ways to look at a problem. I was a little shocked at this. I later learned that some really smart people have only one side of their brains working, and that is enough to do very well in the world but not enough to be an entrepreneurial investor who thinks differently from the masses. On the other hand, if the right side of your brain is dominant, you probably loathe math and therefore you don't often find these people in the world of finance to begin with. So **finance people tend to be very left-brain oriented** and I think **that's a problem**. I believe a great investor needs to have both sides turned on. As an investor, you need to perform calculations **and have a logical investment thesis. This is your left brain working**. But you also need to be able to do things such as judging a management team from subtle cues they give off. You need to be able to step back and take a big picture view of certain situations rather than analyzing them to death. **You need to have a sense of humor and humility and common sense.** And most important, I **believe you need to be a good writer**. Look at Buffett; he's one of the best writers ever in the business world. It's not a coincidence that he's also one of the best investors of all time. If you can't write clearly, it is my opinion that you don't think very clearly. And if you don't think clearly, you're in trouble. There are a lot of people who have genius IQs who can't think clearly, though they can figure out bond or option pricing in their heads.

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"**Trait #7*** And finally the most important, and rarest, trait of all: **The ability to live through volatility without changing your investment thought process**. This is almost impossible for most people to do; when the chips are down they have **a terrible time not selling their stocks at a loss**. They have a really hard time getting themselves to average down or to put any money into stocks at all when the market is going down. **People don't like short term pain even if it would result in better long-term results.** Very few investors can handle the volatility required for high portfolio returns. They equate short-term volatility with risk. This is irrational; risk means that if you are wrong about a bet you make, you lose money. A swing up or down over a relatively short time period is not a loss and therefore not risk, unless you are prone to panicking at the bottom and locking in the loss.

But most people just can't see it that way; their brains won't let them. **Their panic instinct steps in and shuts down the normal brain function**.

I would argue that none of these traits can be learned once a person reaches adulthood. By that time, your potential to be an outstanding investor later in life has already been determined. It can be honed, but not developed from scratch because it mostly has to do with the way your brain is wired and experiences you have as a child. That doesn't mean financial education and reading and investing experience aren't important...."

Given the above how you generate alpha return ?S o what you do ? I suggest try to be a macro investor and try to seek where you are in the macro trend of a typical market cycle .

Here is the progression of how a typical market cycle plays out …

1.Stealth Phase - This is when assets are most unloved or unknown because nobody is talking about them. This is also when assets are the cheapest, and assuming future fundamentals look positive, the least risky time to enter.

2. Awareness Phase - This is when said assets get on the radar of institutional investors, and they start to position themselves.

3. Mania Phase - This is when popular financial news media start to talk about said assets. And then, things tend to move quickly from here, with investment bankers making money off of the average retail investor by packaging and selling ETFs to them. This is when panic sets in and everyone and their moms wants in, hoping to make a killing; when in reality, it's the worst time to enter.

4. Blow Off Phase - Of course, the average retail investors are always last to the party and get left holding the bag

If you are still not able to find where you are on macro trend of the market cycle then rely on professional for advice or have a look at our SURROGATE INVESTMENT service.
Happy investing !

DIGITIAN

The Digitial Generation

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