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DIGITIAN CAPITAL

Future focus

DIGITIANVIEW

A monthly Investment outlook

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 6-12 months - this is the unique offer Surrogate Investor brings "

How to navigate Market post three consecutive growth Years?

DIGITIAN VIEW!

We completed 2021 another successful year for all stock markets covered by us including Africa (Please refer to 2021 column- all green in the Chart to right)

The markets with most gains in the last 3 years (2019, 2020 & 2021)

- **USA - S & P 500 - 78%**
- **USA - Nasdaq Composite - 100%**
- **India - Nifty - 51%**
- **China - Sanghai Composite - 41%**

USA stock market capitalisation stood at $53.365 trillion which is almost 2.3x of its GDP at $22.99 Trillion. It is an all time high Figure and never multiplied so fast in a so small time.

Equity Indices	2021%	2020 %	2019 %
S & P	26.9%	16.2%	28.9%
Nasdaq	21.4%	43.6%	35.2%
Shanghai Compsite	4.8%	13.9%	22.3%
NIFTY	16.4%	22.5%	12.2%

So you can see from the Chart these four large markets especially USA has created a valuation bubble for sure. when it comes to technology stocks given innovations but what about S&P 500 which generally carries Other Brick & Mortar stocks

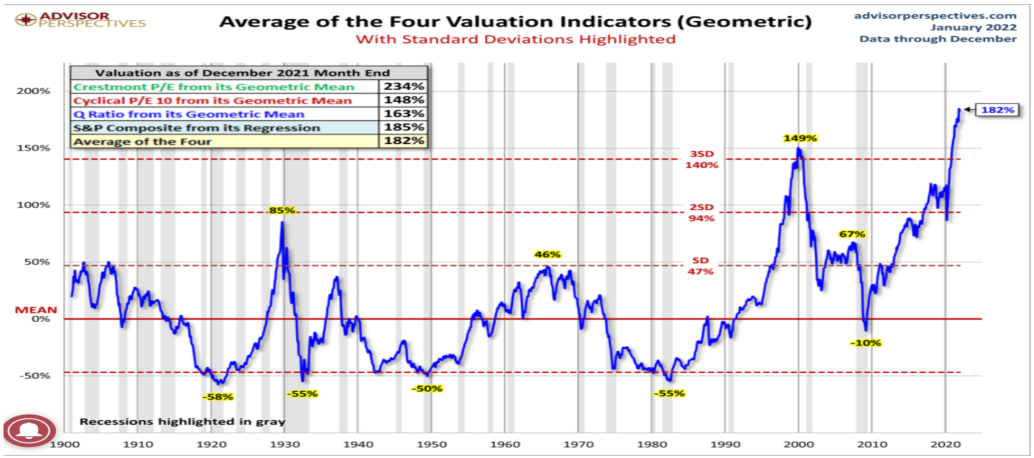
NASDAQ Market **PE is at 30** while S & P 500 at **32 in Dec2021.** Our readers have been provided with enough materials in earlier news-letters to understand and avoid such stocks. In the next page I have given how much the S&P 500 is overvalued i.e 182% (average of four indicators)

Given average **US Annual Inflation is at 4.7%** in 2021 which is the highest after 1990(5.7%) - this will precipitate **actions from Fed** to increase rate by at least 100 basis points from March 2022. (Now how the market correction will depen on how fast it happens)

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2021%	2020 %
S & P	4538	4766	5.0%	26.9%	16.2%
Nasdaq	15085	15641	3.7%	21.4%	43.6%
FTSE 100	7122	7419	4.2%	14.8%	-14.3%
Shanghai Compsite	3607	3639	0.9%	4.8%	13.9%
NIFTY	17196	17361	1.0%	16.4%	22.5%
Nairobi SE 20	1839	1899	3.3%	1.7%	-29.6%
Egypt SE 30	11318	11953	5.6%	10.2%	-22.3%
Tanzania All Shares	1837	1898	3.3%	4.5%	-11.8%
Nigeria SE 30	1691	1721	1.8%	4.9%	39.2%
Morrocco All Shares	13226	13353	1.0%	18.3%	-7.3%
Bangladesh DSE 30	2636	2531	-4.0%	21.7%	38.4%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2021 %	2020 %
Gold	1784	1829	2.5%	-3.8%	25.1%
Crude Oil	69.91	77.49	10.8%	49.8%	-21.7%
WTI Oil	66.27	75.51	13.9%	56.2%	-21.0%
Copper	4.27	4.42	3.5%	25.6%	25.8%
Irone Ore	103	112.5	9.2%	-27.8%	70.3%
Aluminium	2616	2801	7.1%	41.5%	9.8%



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Indian Market Capitalization stood at GDP (USD Tn) 3.08, almost 1.1x times its GDP while Chin's is Market Capital to GDP is only 0.70x. So I would say China managed its Market quite well during Pandemic and did not allow it to grow faster by control Mechanism. Indian stock market got more focus due to the narrative of shift of production and sourcing of goods from India. **Indian Market grew faster than USA and China relative to its GDP.**

How to Navigate this Choppy Markets in Q2 and Q3 of 2022 ?

My advice to our Investors is based upon the principles of risk and sound capital market analyses(NOT for risk taker Bulls). It could reduce your losses as well as limit your profit.

1. **Avoid Stocks which are highly overvalued in terms of of its peers and/or the market. Say** Service Now (Now) is at a PE of 550**, the close peer is Sales Force(CRM)** which is **at 117 PE and WDAY at 1191 PE.** (all three are way above the Market PE)**.** Now You have to project their growth for future and if you see the clear growth trajectory which will reduce forward PE to 40 to 50 over the years then you could take a risk to hold that stock. or you should book your profit and stay away from such stock unless a clear trend is visible

2. Avoid all stocks which are **Cash loss making** (EBIT + R&D+Depreciation). Do not hold such stock on the basis of high EV/EBIT or Price/Sales multiples.

3. Avoid all stocks where there is a **decrease in Free Cash flow** and Management guidance does not provide hope for free cash flow generation;

4. **Quarterly Earnings results** will be very important and keep a focus on the same. If there are any signals in terms of growth slowing down, pressure on margin costs rising, supply chain issues, heavy capex investment, - better to avoid such stock depending upon market momentum.

5. Lastly, Many e**rstwhile momentum stocks will be available at 50% to 80% discount to 52 week High**. These are most dangerous as you will be tempted to invest at rock bottom but the stock may be re-rated and the current price may be the peak for some time.

Stock Specific story is more important than the market, a market trend may be downwards but a stock may be upward but remember that will be exception and not the norm. Peter Lynch once advised it is better to be in cash if you are not sure of the market trend, you will always get the opportunity to make money from the market. **DO NOT be guided by FOMO.**

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2021 %	Inflation %
USA	22990	53366	5.7%	6.80%
China	18000	12700	8.1%	2.8%
India	2850	3079	7.3%	5.9%
Egypt	280	49	3.2%	6.20%
Kenya	100	23	4.5%	5.8%
Tanzania	55	7	5.7%	3.7%
Morocco	117	11	5.7%	1.8%
Nigeria	440	54	1.70%	13.5%
Bangladesh	350	60	5.7%	5.76%

Forex	Monthly Open	Monthly Close	Monthly Change %	2021%	2020 %
EUR USD	1.131	1.132	0.09%	-6.7%	8.2%
GBP USD	1.323	1.354	2.34%	-1.0%	3.2%
USD INR	75.240	74.480	1.02%	-1.9%	-2.5%
USD KES	112.700	113.146	-0.39%	-3.0%	-6.5%
USD EG POUND	15.710	15.710	0.00%	0.8%	1.26%
USD TZS	2303	2305	-0.09%	0.6%	-0.8%
USD NAIRA	409.980	411.230	-0.30%	-7.3%	-4.9%
USD TAKA	85.775	85.720	0.06%	-0.8%	-0.2%

Happy Investing!!

Continued Page3

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 andthe 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 realistion** of the profit (So Zero risk)

Process :

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

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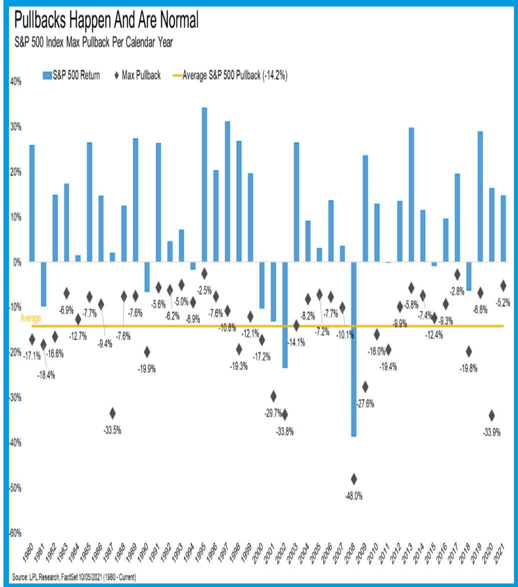
BEST CHART OF THE MONTH



The chart shows since 1980 Stock market return and Pull backs

It can be seen only two pull-backs in 2002 and 2008 are long standing - resulting into downward bars. but within a year there could be smaller / medium or major pull backs like 2020 (33.9% pull back) but the year finshed with 16.2% return.

The most important is the 40 years Average Pull back line is at 14.2%. As long as the pull back remains within this line the recovery will be fast. Beyond this line there is cause for concern.

VALUE INVESTING

Debashish Neogi

> "What every investor must monitor and come to their own conclusions. Whether you hold on for the long term or fold today largely depends on your stand on the long term growth Question"

Dilemma now – whether to Hold or Cash out

Everyone is going through the dilemma now whether to HOLD ones investment or be in cash or do a mix and match of both. Akash Prakash of Amansa Capital wrote a nice article couple of months back on this. I have put an "extract" of the same below .

The excerpts from the Article -

Do they have too much in equities? Is tech too large a weightage? Is this the year to make the shift from US assets to emerging markets (EMs)? Will investors in India be raising cash for the stream of upcoming initial public offerings? All are valid questions, and all need debate and discussion.

A similar question that is on the mind of global investors is what to do with India? The markets have done surprisingly well over the last two years, rising over 45 per cent from January 2020 compared to a 35 per cent rise for the US and less than 20 per cent for EM equities as a whole."

The Indian markets are expensive, trading at over 22 times forward earnings and are at a steep 90 per cent premium to the broader EM universe. Most valuation ratios in India are higher than long-term averages. This out-performance is despite India still not having recovered fully, with year-end 2021 gross domestic product (GDP) still about 5 per cent below the pre-Covid trajectory, unlike the US and other large EM countries where the recovery will be either complete or marginally below pre-Covid levels by year end.

For global allocators, the question then is: Should they fold and take their profits or stick it out for the long haul? Will India's outperformance continue? The market has a reputation for volatility and severe swings in performance and most are sitting on large profits.

The answer depends on your narrative on how India will grow after last years year's acceleration. There are two very contrasting narratives out there.

Most academics, especially those sitting overseas are convinced that the Indian economy has some serious structural issues. We were slowing before 2020 itself, and the structural challenges imply that we are destined to fall back to a 5 per cent growth trajectory after the current surge. Insufficient second generation reforms, limited productivity growth, a lack of investments and poor industrial policy design, which prioritize self-sufficiency over exports, all doom us to this fate. This group basically does not buy the argument that India has paid the price for cleaning up corporate and financial system balance sheets. The country has gone through a balance sheet recession, coupled with extreme risk aversion, which invariably hits growth. We are coming out of this finally. They do not seem to feel that any of the changes made — be it the goods and services tax, bankruptcy code or the production-linked incentive schemes, accelerated digitalization or genuine privatization will accelerate growth and productivity. They opine that consumption cannot recover with such severe damage to informal employment, and neither can investment with low levels of capacity utilisation. This narrative has many followers and if you do truly believe that India can now only grow at 5 per cent, you must take your profits and exit. The risks of a draw down outweigh any potential upside.

The bulls obviously see things very differently. Most feel that we are on the cusp of a multi-year economic upcycle, similar to 2003-08. They see the glass half full. We are coming out of a balance sheet recession, many structural changes have been made, the price for which has been paid up front. Corporate India has rarely been more positive on its future prospects.

It has never been easier to raise capital in India or buy an apartment. The wealth creation has been unprecedented. Exports are booming and employment will pick up strongly. Formalisation has improved prospects for listed companies and capacity utilisation across industry leaders is not

Continued Page 5

65 per cent but over 80 per cent. The bulls point out how depressed profit margins are even today, with profit share/GDP still significantly below long-term averages. Profits have now begun to inflect, and the last three quarter earnings have beaten expectations.

They are penciling in a multi-year cycle of high teens to mid-20 per cent. The return on equity has already crossed 15 per cent and will continue to trend higher. Despite all the disappointment with India over the last decade, Indian markets have outperformed the EM universe.

If the markets can deliver a multi-year growth cycle with earnings compounding at mid-teens, it may not make sense to get off his train just yet. In a world of generally low growth, this type of an earnings trajectory will stand out and get bid up. The markets will gradually grow into the valuation, with the scope for good returns even with multiple compression. The markets may consolidate in the short-term, given the surge in oil prices and India's out-performance, but the fundamental debate remains where you stand on the long-term growth question.

That is what every investor must monitor and come to their own conclusions. Whether you hold on for the long term or fold today largely depends on your answer to this question." ***(The excerpts ends here)***

We remain in the more positive camp, but respectful of the negative narrative !

Few of my observations and Suggestions in general for year 2022 :-

1. Ships don't sink because of water around them but because of water in them. Your wealth too doesn't sink due to volatility in the market but but because of volatility in your head. When market teaches you a lesson and takes your money, the choice is yours whether you use it as motivation or an excuse to give up.

2. In my initial days, it took me quite a few years to realize that just 1-2 solid stock ideas a year is more than enough,only if we bet big, average up those winning ideas. With time, most things would fall in place.

3. Deferring your consumption in luxury and investing in equities in the first 10 years of your earning life, would give you an unassailable lead in wealth building. Also, All great companies started as small companies. you are required to find them.

4. While selecting companies for long term investments-Look out for companies which can grow at 15% for next 10-20 years instead which can grow 50% for next 1-2 years. Consistency is more important than speed of growth. Market is very fond of such companies and rewards handsomely.

5. Bull or bear market the recipe for success remains the same. Do not get carried away in either cases. Markets attract those who want to make quick money but rewards only those who are comfortable getting rich slowly.

This calendar year of 2022, I strongly feel would be the year for the quality small and midcaps. Mark this message of mine. If it doesn't happen, will post this same message for 2023 and so on as I am completely biased on small and mid caps.

Happy Investing

DIGITIAN
The Digitial Generation

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

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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
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