VOl 37 January 2022

DIGITIAN CAPITAL

Future focus

FUTURE FOCUS

Saugata Banerjee
saugatab@mydigitian.com

"..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 will be the year 2022 for the Investors ?

DIGITIAN VIEW!

As we mentioned that 2022 will be quite volatile for USA Markets hence for the other world markets as well. In the last 3 years USA stock markets indices have seen astronomical increase- almost 100% in case of NASDAQ (IT and Newgen Stocks) and S&P 500 and Dow Jones are following closely @ 70%-80%. This is not sustainable, given inflation, supply chain issues, increase in input cost, and slowing revenue growth - and especially after the war between Russia and Ukraine. Russia supplies 10% of the the crude/gas and with sanctions the supply will be an issue - the oil price will cross $100 /barrel which will be in turn increase the inflation further and slowing growth. Further, Fed will increase the Fed rate from March 2022 at least by 50 basis points and then may follow up with quarterly increase of 25 basis points. I expect atleast 100 bps to 125 bps increase till the end of 2022.

I am projecting a falling stock market indices in USA by 5-10% like in 2018.

While China and India will register a minor growth 0f 4-7%.

Since 1960, there have been nine bear markets (i.e., declines of at least 20% in the S&P 500). After the recovery from the crash, t**he S&P 500 has undergone either one or two corrections of at least 10% in the subsequent 36 months**. We are now in 22 months from the pandemic bear market bottom. History suggests it's coming.

Further in November,2022 US will go for **mid term elections,** which would also add to the stock market volatility to a great extent over policy direction.

While **S&P 500 earnings growth rate will almost certainly slow** in 2022 from 2021's 46%, it is forecast to increase 8.7% and to be 37% higher than pre-pandemic 2019's. However, S&P already gained more than 78% since 2019.

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2022%	2021%
S & P	4766	4553	-4.5%	-4.5%	26.9%
Nasdaq	15641	14232	-9.0%	-9.0%	21.4%
FTSE 100	7419	7489	0.9%	0.9%	14.8%
Shanghai Compsite	3639	3365	-7.5%	-7.5%	4.8%
NIFTY	17361	17597	1.4%	1.4%	16.4%
Nairobi SE 20	1899	1888	-0.6%	-0.6%	1.7%
Egypt SE 30	11953	11550	-3.4%	-3.4%	10.2%
Tanzania All Shares	1898	1892	-0.3%	-0.3%	4.5%
Nigeria SE 30	1721	1774	3.1%	3.1%	4.9%
Morrocco All Shares	13353	13885	4.0%	4.0%	18.3%
Bangladesh DSE 30	2531	2588	2.3%	2.3%	21.7%

Commodity	Monthly Close	Monthly Close	Monthly Change %	2022%	2021 %
Gold	1829	1806	-1.3%	-1.26%	-3.8%
Crude Oil	77.49	89.23	15.2%	15.15%	49.8%
WTI Oil	75.51	88.32	17.0%	16.96%	56.2%
Copper	4.42	4.38	-0.9%	-0.90%	25.6%
Irone Ore	112.5	138.84	23.4%	23.41%	-27.8%
Aluminium	2801	3051	8.9%	8.93%	41.5%

Valuation is yet another clear concern for the stock market in 2022.

At the end of 2021, the S&P 500's Shiller price-to-earnings (P/E) ratio was at 40, which represents a two-decade high figure.

The Shiller P/E examines inflation-adjusted earnings over the past 10 years. The average (of 150 years) Shiller P/E for the S&P 500 is 16.9. In previous four instances of **Shiller PE crossing 30, the benchmark index went on to lose at least 20% of its value.**

NASDAQ has already shredded 20% till January 2022 but S&P 500 is yet to catch up. In NASDAQ, except few top stocks which have corrected **only 10-20%** (like Apple/ Amazon, Google) Most of the NASDAQ stocks have corrected **35% - 80%** (**Now/ CRM/VMW: -35%, Nflx -47%, FB: -51% Twtr : -57% PYPL: -66% MRNA:-72% ZM -75% Roku : -77% etc**
Most of these stocks have shredded all COVID gains and gone back to Pre-covid Pricing or lower - which is more than a crash.
The same correction is expected to be seen in **S&P 500 Indexed stocks**. This will keep Nasdaq volatile as well.

Crypto market will also see correction :

Unfortunately, the crypto market has been unable to decouple from the stock market. The gains from markets fuelled the speculative money flow in Cryptos in November 2020 which boomed the crypto market 4 times and with the slight correction in Stock market in March/April 2021, it shredded 40% of its value as money moved out of crypto to Stock for speculative gains. Again with stock market nearing its peak money started flowing into crypto in August-Spetember'21 and reached a peak in Nov'21.

The story continues. What'smore, a decent percentage of crypto investors are also putting some of their money to work in stocks or vice versa. **A crypto crash in 2022 would likely weigh on stocks dependent on the crypto currency ecosystem**, as well as reduce investment capital for equities. (refer to Best Chart of the month pg 4)

I have discussed "How to Navigate this choppy markets in 2022" in our last newsletter of December 2021, Please follow the same.

At this point in time, you have the option to review your holdings and rebuild your portfolio again. Since the market will remain choppy in search for direction, I will remind again Please **do not be guided by FOMO** (Fear of missing out).

I am estimating that P/E for S&P 500 will fall to 19.5 and average EPS of $210 to $ 225.

In 2022, the following sectors to be most important :
a) **Banks and Financial Institutions** - given the interest increasing
b) **Technology Stocks** (cloubased,AI/ Robot and Automation, Virtual, Cybersecurity, Semiconductor, Gaming, social media)
c) Pharma & Healthcare- 20% increase projected in decentralised clinical trials (DCTs), Vaccines (RNA)
d) **Mining :** copper and rare earth elements, nickel and cobalt, and lithium. Aluminium and Irone Ore.
e) **Automotive** - EV stocks
f) **Defence** - Higher spending by governments this year;
g) **Energy** - This year will be for the Energy sectors Especially for crude and also renewable energy.

Thus, I will advise to mix few sectors and to pick the quality stocks in those sectors for long term.

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2022 %	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 Close	Monthly Close	Monthly Change %	2022%	2021%
EUR USD	1.132	1.126	-0.53%	-0.53%	-6.7%
GBP USD	1.354	1.347	-0.52%	-0.7%	-1.0%
USD INR	74.480	74.770	-0.39%	-0.39%	-1.9%
USD KES	113.146	113.600	-0.40%	-0.40%	-3.0%
USD EG POUND	15.710	15.719	-0.06%	-0.06%	0.8%
USD TZS	2305	2310	-0.22%	-0.22%	0.6%
USD NAIRA	411.230	415.820	-1.10%	-1.10%	-7.3%
USD TAKA	85.720	85.970	-0.29%	-0.29%	-0.8%

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 :

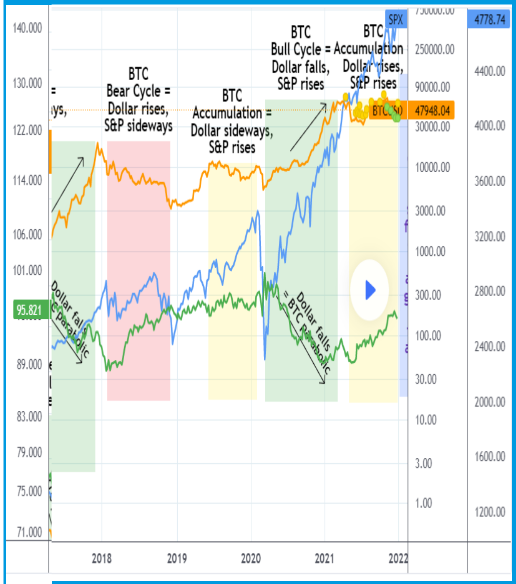
a) ZERO UPFRONT Fees
b) Upside of 20% of the profit **only on realistion** of the profit (So Zero risk)

Process :

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

Continued Page 4

BEST CHART OF THE MONTH



The chart shows the linkage between USD and Bitcoin and also relation between Bitcoin and Stock market

a) BTC is inversely corelated with Dollar
i) BTC Bull Cycle =>USD falls and S&P rises
ii) BTC Bear cycle => USD rises or S&P Falls or side ways

b) BTC is in positively correlated with S&P but with a time lag

VALUE INVESTING

Debashish Neogi

“ Post every war the market has come back with a higher return ... this time will also be no exception given the strong growth tailwinds for Indian Market”

Current Crises will also pass

As I write this article full blown war is on between Russia and Ukrain, which is why the market world over have corrected a lot ! There is fear all across the world. World over the volatility index have rosed to abnormal height! So what you do in this kind of situation ? Sell and be in cash, be fully invested or be in a mix and match situation? Before I attempt to answer this question lets see some facts after different war got over what happened to market returns.

Dow Jones history :

1. 9/11 Attack :
Down by : (- 16%)
After 3 months : (+24.4 %)
After 6 months : (+ 30 %)

2. Iraq - Kuwait War :

Down by : (- 13.3 %)
After 3 months : (+ 2.3 %)
After 6 months : (+ 16.3 %)

3. Russia - Afghanistan War :
Down by : (-2.2 %)
After 3 months : (- 4 %)
After 6 months : (+ 6.8 %)

4. Korean War :
Down by : (-12 %)
After 3 months : (+15.3 %)
After 6 months : (+19 %)

In USA post war, markets come back with varying degree.

*Now: *INDIAN MARKET**

(5)Russia-Ukrain War
Sensex : (- 12.50%)
NIFTY : (- 14.50%)
Nifty on every war situation :

Average down side : (- 16.5 %)
After 3 months : (+23 %)
After 6 Months : (+ 34 %)

So the answer is very clear, the market gets back to not only normal but generates better return post war !

Vishal Khandelwal writes in his journal ,an extract of the same ....

The small town I was born in West Bengal gets occasional loud and wild mud storms. Growing up there in my early years, though, no one really freaked out about it, not even the people residing in small mud houses surrounding my house.

They had built their houses so strong that any wild storm was rarely a problem. And so was the attitude towards the storms, that it was hardly a problem worth getting nervous about.

The case with the place in Rajasthan where I grew up in my teens was different. Temperatures during summers peaked at 50 degree Celsius, and dropped to 5 degree during winters.

But we rarely went crazy because we had learnt to prepare for and live with both the extreme seasons.

Now, the weather where I have lived for the past 21 years i.e., Mumbai, is so humid throughout the year that people travelling from North India, who do not get freaked out about the extremes there, find Mumbai terrible. On the contrary, I find Mumbai's weather much more comfortable than the extremes of the places I grew up in.

Most 'problems' in life are like that. When we prepare for them and get used to them – till they are not life threatening – they're not problems anymore. They're merely the way it is.

That's also what investing in the stock market is about. For an investor who has seen various market cycles, and has learnt to live with them, a sharp crash isn't a big problem. He is emotionally better prepared to face such situations than someone who is new to stocks.

Also, an investor who invests or manages his own money is better prepared to face such situations than someone who invests borrowed funds or manages other people's money (and emotions).
Also, an investor who is investing for a 10-20 year period is better

Continued Page 5

prepared to handle sharp stock price declines than someone who is either nearing retirement, or doesn't have the required guts or patience to see meltdowns.

When you are looking to invest your hard earned savings in the stock market – whether for the first or the tenth time – know how well prepared you are to face short term corrections and capitulations. The biggest edge you have as a small investor is your behaviour. Look at how you behaved during the last major crash of early 2020. It should tell you a lot about yourself – whether you got nervous considering that the stock price declines were a big problem, or whether you got excited considering the problem was an opportunity.

If you haven't figured out your temperament, the stock market is a very expensive place to find out. A long term view requires an ability to stomach extreme short term market volatility. *(The excerpts ends here)*

Jason Zweig wrote in a post on The Wall Street Journal – *In order to capture the potentially higher returns that stocks can offer, you have to reconcile yourself to the certainty of horrifying short-term losses. If you can't do that, you shouldn't be in stocks - and shouldn't feel any shame about it either.*

That's the point. If your inner voice tells you that you are not wired to do well in stocks because, may be, you are not adept at business analysis or you are too emotional with stock prices or you just do not have the time, you must stay away from direct stock picking, and not feel any shame about that.

But if you are in the arena, it's better to prepare for problems, expect that your portfolio will occasionally be 'stormed,' and get used to such storms. Any market crash won't feel scary then, just because you would start accepting that as an integral part of your journey of wealth creation. The secret of investing is that there is no secret. It's staying the course.

The moment you get it, you become what Ben Graham would call an 'intelligent investor' who is destined to do well over the long run

I believe, Indian market is destined to do well in long term :

1. India stands at strong pitch on macros (similar to 3rd day of Test and batting). Each batsman's contribution (macro triggers) are making India fastest growing economy in the world.

2. BOP will remain surplus and India is ready to withstand the shock of Oil going upto $100/bbl, given exports.

3. US and India Inflation is nearing same at 5-6% levels - Indian 10yr G Sec @6% offers 400bps higher yield vs US 10 yr

4. Fiscal deficit is expected at 5-6% of GDP FY23E - supported by Rs 2L Cr disinvestments and rising tax collections.

5. India Per Capita income has crossed $2000 (usually an inflection point) where globally countries have seen exponential growth in Discretionary spending.

6. All the asset classes (Equities, Gold, Real estate, Bitcoins) have generated hefty returns. Retail MF AUM has seen Rs 6.5L Cr MTM gains and direct retail participation in BSE500 has grown 2.5x.

7. IT boom has its own rippling effect. Indian Inc has given 19% salary hikes in H1FY22 (highest in last 15yrs). Hiring activities are +60% y/y.

8. Corporate balance sheets are least debt laden in last 2decades and utilizations levels are reaching 75-80% - big triggers for private capex picking up.

9. PLI incentives, GOI spends on Infra, exports opportunity (China+1), Data Centers (alone creates Rs 1Lac Cr), real estate deals at highest levels - are other large macro triggers.

10. Banks (large part of Nifty) are done with large provisioning and are likely to witness lower credit cost, ROE expansions while valuations have corrected to significant levels.

Which other global economies has tailwinds mentioned above supported by policy measures ? A fund manager with billions of dollars at the helm of investments has no other option but to invest in India. So we shall witness return of FPI in a post war period in Indian Stock Market with a bang!!

Happy Investing

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 2020 special

- WORLD 2020 and INDIA 2020 (Click here)

We are looking for Virtual Analyst.

Apply at Career@mydigitian.com

Contacts us :

info@mydigitian.com

Standard Chartered Tower

Level 5 Emaar Square

Down Town, Burj Khalifa

PO Box : 35482

Dubai UAE

DISCLAIMER