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CAPITAL**



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 ”

Relevance of William J. O'Neil in Today's market

DIGITIAN VIEW!

MARKET WATCH

In my Investor Guru Series, I will discuss the philosophies of another stalwart Investor, William J. O'Neil and his relevance in Today's Market.

"The number one market leader is not the largest company or the one with most recognized brand name, its the one the best quaterly and annual earnings growth, return on Equity, profit margins, sales growth and price action" - William J O'Neil

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2022%	2021%
S & P	4545	4131	-9.1%	-13.3%	26.9%
Nasdaq	14261	12334	-13.5%	-21.1%	21.4%
FTSE 100	7543	7544	0.0%	1.7%	14.8%
Shanghai Composite	3283	3047	-7.2%	-16.3%	4.8%
NIFTY	17809	17015	-4.5%	-2.0%	16.4%
Nairobi SE 20	1844	1801	-2.3%	-5.2%	1.7%
Egypt SE 30	11526	11047	-4.2%	-7.6%	10.2%
Tanzania All Shares	1948	1865	-4.3%	-1.7%	4.5%
Nigeria SE 30	1784	1896	6.3%	10.2%	4.9%
Morrocco All Shares	12843	13136	2.3%	-1.6%	18.3%
Bangladesh DSE 30	2469	2460	-0.4%	-2.8%	21.7%

William J. O'Neil, is a successful American entrepreneur, stockbroker and writer who has brought in another flavor of investment in Growth Stocks. In the initial years, he has his brokerage firm (1963) which developed the first computerized daily securities database and sold its research to institutional investors and tracks over 70,000 companies worldwide. In 1984. He established Investor's Business Daily which is a very successful Investment research firm till now. He wrote several books - but the most important one is How to make money in stocks - where He described his research base model - CANSLIM investment system. He did research of greatest performing stocks since the 1800s and came out with this model after combining both Fundamentals and Technicals

C	• CURRENT EARNINGS
A	• ANNUAL EARNINGS
N	• NEW PRODUCT
S	• SUPPLY AND DEMAND
L	• LEADER
I	• INSTITUTIONAL INVESTMENTS
M	• MARKET DIRECTION

CANSLIM is the acronym for Seven features trend he observed in great performing stocks. Before purchase of any growth stock, one should compulsorily make his own analysis using CANSLIM model to pick the best stocks for value Investing. This is more a hands-on tool for beginners

Commodity	Monthly Open	Monthly Close	Monthly Change %	2022%	2021 %
Gold	1933	1884	-2.5%	3.01%	-3.8%
Crude Oil	100	103.94	3.9%	34.13%	49.8%
WTI Oil	105.16	106.38	1.2%	40.88%	56.2%
Copper	4.72	4.29	-9.1%	-2.94%	25.6%
Iron Ore	159.85	150.77	-5.7%	34.02%	-27.8%
Aluminium	3518	3051	-13.3%	8.93%	41.5%

In 2008 Schadler & Cotton analysed CANSLIM screener portfolio using AAI database which showed an average portfolio return of 30.86% from 1998 to 2005 vs S&P Small cap 600) annualised return of 9.49%.

C = Current Quarterly Earnings

You must look for the following during Quarterly earnings' analyses :

- * Stock with Quarterly Earnings growth be atleast 25% in each of the last three (3) Quarters
- * Profit-Margin improvement

A = Annual Earnings

Second one is Annual Earnings Review since Institutions look for consistent and significant annual earnings growth

- * Past 3 years Annual Earnings Growth CAGR should be atleast 25%
- * Watch for breakout years and significant Annual Growth Estimates
- * Profit Margin - best in the Industry
(Please note that it varies widely industry wise)

N = New Products/Services, New Market Highs or New Management

- * Significant Changes in the Company can shot up Earnings & Stock price
- * Innovation leads to growth and can be fueled by New Product/Service
- * Significant change in the Vision & agility can be brought by a new CEO
- * for each Multi-bagger there are several new highs, same need to be spotted;

S = Supply & Demand of Stock

It is very important to look for stock Accumulation signs, institutions footprints. Company buy-back/ Insider buying, increase in Daily volumes (40-50% up), dry up in Volume before breakout, trending over Moving Averages (20 days); less float means chance of wide rise; Higher split above 3:1 could be a drag for the price

L = Leader Vs Laggard

It is very important to distinguish leaders from laggards in stock selection.

"37% of the stock price movements is directly related to the performance of the Industry Group while another 12% is due its sector. Therefore, half of stock's price movement is due to the strength of its respective group"

- * Pick from top 40 industry Groups
- * Look for Fundamentals and relative strength in the groups (avoid sympathy stocks)

I = Institutional Support

Please remember 80% of the buying is made by the Institutional buyers (Insurance/ AMCs/Mutual Funds)

- * Follow "the Big/Smart money"
- * Stock needs to be owned by atleast 10 funds
- * ideally look for 2-3 quarters for increasing ownership

M = Market Trends

- * Market needs to be in Long term Uptrend
- * Breakout from a proper price base/ consolidation
- * Breakout should be above average volume (200 days moving average)
- * Base types : Cup with Handle, Double bottom (W shape), Flat Base
However these are just que for entry
- * Buy within 2% of the Pivot price
- * Cut losses if drops 5% below Pivot
(always be careful around 40% of the cases prices reverts back to pivot and It can fall below that again, Secondly, this is not applicable to volatile stocks)

Finally, the most important task is to sell a leading position. As per CANSLIM you need to sell only on the basis of Technicals (Breaking of 50 days moving average or 200 Days Moving Average) I will just leave you with the following facts from CAN SLIM: "A leading stock average run period is 12-18 months" and "Only 1 in 8 leading Stocks came back to lead in the next bull run and create all time high" Others never reached their all time high again;

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 Open	Monthly Close	Monthly Change %	2022%	2021%
EUR USD	1.104	1.053	-4.58%	-6.98%	-6.7%
GBP USD	1.311	1.258	-4.06%	-7.09%	-1.0%
USD INR	75.910	76.420	-0.67%	-2.54%	-1.9%
USD KES	115.000	115.800	-0.69%	-2.29%	-3.0%
USD EG POUND	18.230	18.480	-1.35%	-14.99%	0.8%
USD TZS	2321	2324	-0.13%	-0.82%	0.6%
USD NAIRA	415.720	415.280	0.11%	-0.98%	-7.3%
USD TAKA	86.225	86.690	-0.54%	-1.12%	-0.8%



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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
- 2) Start Your millionaire Journey

BEST CHART OF THE MONTH

A cup with handle



Vj g'ej ct v'lj qy u'the Cup with a handle Pattern for a breakout that (it could be without a handle as well)



Vj g'ej ct v'lj qy u'the Double Bottom Pattern for a breakout that (it takes the form of the letter W)



VALUE INVESTING

Debashish Neogi

“ Stock Price

performance and its timing is an irrelevant thing in stock market, what matters is the business performance. If the business performance is solid stock will perform superbly in 20% of the time of holding so one needs to stay invested”

Most Irrelevant thing in Stock Market

What I wrote in my last article is Look for :

1. **High growth High ROCE /ROE -** (earnings growth and growing earnings power)

2. **Growing cash flows-** (quality business that does not take away all the cash for internal reasons and converts earnings to cash flows)

3. **Prudent allocation abilities -** (reinvestment ability to invest growing cash flows at high ROE)

4. **Strong Management integrity.**

Now look at **Vishal Khandelwal** ,one of my favorites, wrote recently



These four irrelevant facts about Priceare –

- 1.Price the stock sold at its all-time high,
- 2.Price you paid for the stock,
- 3.Price the stock quoted at its highest since your purchase, and



4.Price as on today

None of these matters when you are deciding what to do with your stock investment today. The only thing that matters is where the underlying business stands today and where its earnings and cash flows may reach 5-10-20 years down the line.

Of course, in the long run, stock prices are representative of the value created by businesses (Ben Graham's '**weighing machine**' idea). But they are just that, representatives.

Actual value does not gets created in the world of stock market, but in the world of business.

In fact, like Mr. Bogle said, “**the stock market subtracts value, due to all the costs we pay to play the game.**”

One of those costs include the stress you take looking at your stock prices, which are plain irrelevant.

So, in short, avoid looking there. Look instead at the businesses you own, the managements that run them, and the value they may create over time.

Whatever the stock market, which is not a casino but a medium of wealth creation through stocks, may be doing today.

In life, learning, and even wealth creation, there is no shortcut. It's all a series of good steps and good bets, one after another, for decades. It's also avoiding the landmines that may kill us on the journeys.

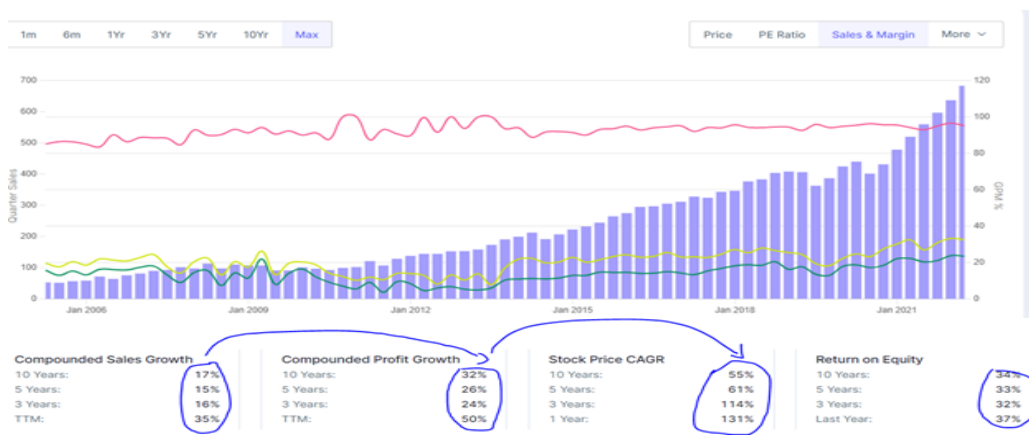
When it comes to investing, specifically, remember that speed (trying to make money fast) does not win. Consistency and discipline (in sticking to a sound investment process over time) do.....

If you are always switched onto TV channels and go by the news, people are talking about the weak global cues, rising inflation, interest rates, war, huge FII outflows ,etc etc . But the reality is it's a mix of all these factors and some more which we cannot think as of now.

So what matters really ?

Before I answer that question please see some data of one of our greatest multibagger –**Tata Elxsi** (its 10X in less than 2 years for me and still holding a great business)! (See our multi bagger stocks published each month)

See the consistency of Tata Elxsi business results over 3 years, 5 years and 10 years period.



but the huge surge in last 2 years shadows the earlier move. Normally 80% of share price movement happens 20% of the time. You don't know inspite of business performing the share price may not "meaningfully move". Hence you need to hold through 100% of the time period so that you don't lose that 80% move.

See its business performance over last 3 years ! Amazing is an understatement !

But how did its share price perform ? Please have a look at the side chart.

Optically it looks like the share price didn't do anything. While partly its true but not fully. It did make a move,



Therefore, over long term what matters is what I shared at the start of this article.

So what Warren Buffet says sum it's all "In the short run, the market is a voting machine but in the long run it is a weighing machine."

Happy Investing.

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Name of the Company	Date of Purchase	Entry Price	Actual Gain Published in Feb2021	Actual Gain Published in Dec2021	Actual Gain Published in March 2022
NGL Fine Chem	13-Mar-20	302	352%	767%	729%
Tata Elxsi	27-Apr-20	790	263%	646%	1057%
RACL Geartech	4-Aug-20	65	204%	897%	877%
Arman Financial	8-Feb-17	243	Not in List	327%	332%
Shivalik Bimetal	5-Feb-21	69	407%	443%	697%
Vedanta	7-Apr-20	73	190%	373%	477%
Trident	1-Oct-20	6.55	123%	648%	740%
Triveni Engineering	5-Apr-21	80	New	181%	300%



Debashish



Saugata

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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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- ⌘ Multi-bagger return
- ⌘ Open & Transparent Upside Sharing

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