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

Relevance of Peter Lynch in Today's market

DIGITIAN VIEW!

In my Investor Guru Series, I will discuss in this letter the philosophies of another stalwart Investor, Peter Lynch and his relevance in Today's Market.

Peter Lynch, is an American Investor who has brought in another flavor of portfolio management. In the initial years, he was a Mutual Fund Manager with Fidelity Investments since 1969. In 1977, he was became the manager of the **Magellan Fund** at Fidelity Investments and over the next 13 years till 1990, **the fund averaged a 29.2% annual return**, which is more than double the S&P 500 stock market index and making it the best-performing mutual fund in the world. The Fund started with assets under management of only US $ 18 million and increased AUM to $14 billion. He managed over 1000 individual stock positions - He focused on **individual companies rather than any overarching strategy**, starting with large US companies and gradually shifting emphasis to smaller and international stocks.

Lynch found successes in a broad range of stocks from different industries;

This has made Peter Lynch the Guru for Portfolio Manager and the world needs to know the philosophies behind his success. His most famous investment principle is, "**invest in what you know**". Since most people tend to become expert in certain fields, applying this basic "invest in what you know" principle helps individual investors find good undervalued stocks. **Lynch suggests this principle as a starting point for investors**. He invested in **Dunkin' Donuts**, after being impressed by their coffee as a customer when it was covered inThe Wall Street Journal.

Lynch also pointed out the efforts required stating **"you have to look 20 to get 1"**

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2022%	2021%
S & P	4363	4545	4.2%	-4.6%	26.9%
Nasdaq	13716	14261	4.0%	-8.8%	21.4%
FTSE 100	7458	7543	1.1%	1.7%	14.8%
Shanghai Compsite	3478	3283	-5.6%	-9.8%	4.8%
NIFTY	16593	17809	7.3%	2.6%	16.4%
Nairobi SE 20	1887	1844	-2.3%	-2.9%	1.7%
Egypt SE 30	11138	11526	3.5%	-3.6%	10.2%
Tanzania All Shares	1954	1948	-0.3%	2.6%	4.5%
Nigeria SE 30	1820	1784	-2.0%	3.7%	4.9%
Morrocco All Shares	13071	12843	-1.7%	-3.8%	18.3%
Bangladesh DSE 30	2471	2469	-0.1%	-2.4%	21.7%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2022%	2021 %
Gold	1947	1933	-0.7%	5.69%	-3.8%
Crude Oil	107.33	100	-6.8%	29.05%	49.8%
WTI Oil	107.22	105.16	-1.9%	39.27%	56.2%
Copper	4.57	4.72	3.3%	6.79%	25.6%
Irone Ore	143.45	159.85	11.4%	42.09%	-27.8%
Aluminium	3051	3518	15.3%	25.60%	41.5%

into normal life. In our corona virus sometimes it is working and most of the times

"I've found that when the market's going down and you buy funds wisely, at some point in the future you will be happy. You won't get there by reading 'Now is the time to buy." - Peter Lynch

This is very relevant in the current market condition.

Peter Lynch, along with John Rothchild, wrote three books : One Up on Wall (1989), Beating the Street (1992) and Learn to Earn (1995). In essence, One Up on wall street served as theory while Beating the Street is application. One Up lays out Lynch's investment technique including chapters devoted to stock classifications, the two-minute drill, famous numbers, and designing a portfolio. While Beating the Street consists of an extensive stock by stock discussion of Lynch's 1992 Barron's Magazine selections(21 stocks), essentially providing an illustration of the concepts previously discussed. **Learn to Earn** is more for the Beginners in the stock markets as how to invest.

Lynch explained P/E ratio simplistically to identify a good companies, *"if a company's P/E is 15 which implies 15% pa growth, now if the company grows at 20 pa. the stock is under valued but if the company grows at 8% pa. then the company is overvalued".* Then he extended P/E for in-depth level of company performance analysis with two ratios : ***the price-to-earnings-to-growth (PEG)*** *and the* ***dividend-adjusted PEG.***

PEG factors the projected growth rate of future earnings with P/E. For example if two companies are trading at 15 times earnings (P/E), and one of them is growing at 3% but the other at 9%, you can identify the latter as a better bargain with a higher probability of making you a higher return.

PEG ratio = P/E ratio / company's earnings growth rate

To interpret the ratio, a result of 1 or lower says that the stock is **either at par or undervalued**, based on growth rate. If the ratio results in a number above 1, conventional wisdom says that the stock **is overvalued relative to its growth rate.**

Post PEG he considered the effect of dividend yield to differentiate between two similar PEG companies.

Dividend-adjusted PEG ratio = P/E ratio / **(earnings growth + dividend yield**)

Lynch popularized the stock investment strategy **"GARP" (Growth At A Reasonable Price)**,which is a hybrid stock-picking approach that balances **Growth investing potential** for share-price increases with the discipline **of Value investing** to avoid buying overpriced stocks.

He also coined the phrase **"ten bagger"** - refering to an investment which is worth ten times its original purchase price. The concept is from b**aseball** where the number of "bags" or "bases" that **a batter can run to is a measure of the success of that runner's hit.**

Some of his investing fundas :

- There is no correlation n short term between business performance of a stock and its stock price but 100% correlated in long term - so be patient;
- Owning stocks is like having children — don't get involved with more than you can handle (*not more than 12*)
- Never invest in a company with- out understanding its finances to avoid big losses
- Avoid hot stocks in hot industries. Great companies in cold, non growth industries are consistent big winners.
- In market there is no missed opportunity, you will always get an opportunity to own a great company

Finally, Lynch states that market will be down occasionally, that is a fact. History tells us that in 93 years, 53 declines of 10% + (correction) i.e. every 1.75 years and 15 declines of 25%+ (bear market) every 6 years, so stick to your company if the fundamentals are strong and holds. good.

Happy Investing!!

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	1.126	1.113	-1.15%	-1.68%	-6.7%
GBP USD	1.347	1.332	-1.11%	-1.62%	-1.0%
USD INR	74.770	75.289	-0.69%	-1.07%	-1.9%
USD KES	113.600	113.750	-0.13%	-0.53%	-3.0%
USD EG POUND	15.719	15.640	0.51%	0.45%	0.8%
USD TZS	2310	2298	0.52%	0.30%	0.6%
USD NAIRA	415.820	415.520	0.07%	-1.03%	-7.3%
USD TAKA	85.970	85.790	0.21%	-0.08%	-0.8%

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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

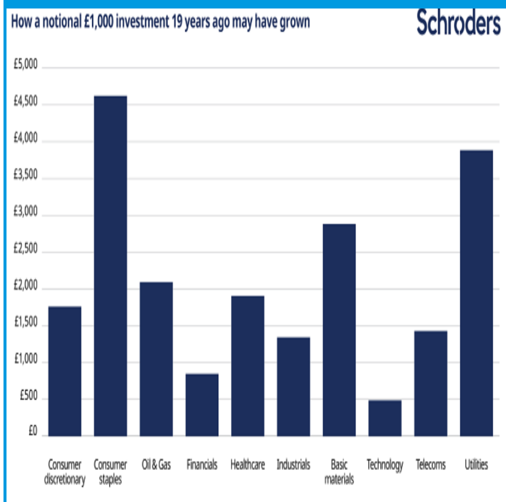
What you have to do ?

- 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

BEST CHART OF THE MONTH



The chart shows that in the last twenty years , the sectors which performed best in Uk

a) The best returns came from sectors which are not the top pick in USA , So sectors change as per market

b) The top 3 best performing sectors are :

i) Consumer Staples

ii) Utilities

iii) Basic Materials

c) The bottom 3 least performing sectors are

i) Technology

ii) Financial

iii) Industrial

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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VALUE INVESTING

Debashish Neogi

" You cannot predict the movement of stock successfully whether up or down so if you are a trader your buy or sell decision will not be optimal, but you can with some continuous practice identify a business and stay put for a long term, remember most stocks perform in a small spurt of 3 - 6 months "

Some Common Mistakes of Investors

Do you ever feel that why stock prices decline when you buy and increase when you sell ?

I am confident that this is one topic that all of us can relate to.

There is no bigger mystery in the stock markets. Rarely stock will move up when you buy and drop after you sell. Hence we miss on the identified multi-baggers and keep investing in the hopeless scrips !

So what exactly is the issue? Why does it happen? and why does it happen only to you ?

Over years, I have been asked these questions multiple times .

Following are my observations on the subject –

1) Value buying nowhere ensures exact bottom pick. A value buyer buys a stock when he believes that it is available at a significant discount to the fair value. It's relative and not absolute.

Hence Price declines further after we buy. Value determination is an art and not a science so be thorough with your work and still be ready to be surprised. It's very difficult to catch a falling knife. Value buying requires tremendous patience and one needs to keep his eyes open for any new information and improvise accordingly.

2) Institutions unlike retail can not buy whatever they want at one go. This is especially true for small and midcap stocks. Indian markets are extremely illiquid and sometimes it takes months for institutions to accumulate the quantity they want and it takes few days when they decide to dump the stock .

In above case Price declines after we buy. Lesson is Pateince, patience, patience. Look closely at volumes and the underlying dynamics and if everything seems to be in order, don't get jittery if the price declines after buying. One just needs to hold through.

3) Not every stock can move at the same time. Sectors and stocks move in phases. ***T***his is another very common reason for most of us to sell at the wrong time.

We are holding pharma while banking is performing. We shifted to banking and now Pharma starts performing.

We invested in ICICI Bank and HDFC bank is performing. We shifted to HDFC bank and now it reverses. And the cycle keeps on repeating between the sectors and the stocks.

Result is Price increases after we sell

Lesson is we are not fund managers and are not answerable to anyone. So why to benchmark against our friends or index. Everyone follows a different strategy suiting his own risk aptitude and personality. If a stock is good, it will perform – sooner or later.

Undoubtedly we all will still continue making mistakes. However, the lesser they become, the more successful we become !

What is more important is that when we are right by how much margin we are right !

Stocks rarely perform in the time frames we predict, and it's why the market only works for investors that have a long-term portfolio focus. Performance is never linear, up and to the right, year after year. You sometimes have to hold onto a position for a few years before it goes up 100% in 3 months.

"I'm accustomed to hanging around with a stock when the price is going nowhere. Most of the money I make is in the third or fourth year that I've owned something." – Peter Lynch

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Sustainable multi-baggers have three characteristics:

1)Long-term revenue and earnings growth with little to no dilution. When you are holding onto a position ask yourself – Is this business growing and making more money per share than it did a year ago, two years ago? In my real-life example above the company's business is almost double the size it was 2.5 years ago. Yes, the stock hasn't gone anywhere but the business is doing really well. I have no problem holding this stock. If the business wasn't performing, I would sell.

2) Successful investors can differentiate business performance from stock performance and can take advantage of those investors who can't.

Two quotes will help understanding

"I don't want to spend my time trying to earn a lot of little profits. I want very, very big profits that I'm ready to wait for." – Phil Fisher

***Successful long-term investors have the ability to disconnect the business from the stock price. That's why it's important to focus on being a great business analyst, not a stock analyst. Active patience is the hardest skill-set to develop*. - Ian Cassel**

Keep thinking simple when trying to find out next multi bagger.

Look for :

1.**High growth High ROCE** -(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**

Keep it simple!!

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

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

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