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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 "

Warren Buffett and his investment philosophy (Part 1)

DIGITIAN VIEW!

In my series of Investment GURU, I have covered so far nine Gurus - Benjamin Graham, Peter Lynch, William J O'Neil Philip A Fischer, Thomas Row Price Jr, John Templeton, John Boogle, Joseph Piotroski, and Carl Icahn. I would now discuss the most famous and relevant of our times and may be the most influential investor of all time - **Warren E Buffett.**

If you follow Warren Buffett, then you would develop the right temperament as an investor and can make good investment decision - that is the power of his wisdom.

Warren Edward Buffett (born in August 30, 1930) is the greatest American investor. He is currently the Chairman and CEO of Berkshire Hathaway He is one of the best-known Value investors in the world. He made a fortune of over $ 100 billion and ranked in the Top 10 richest man in the world.

He graduated from Columbia Business school, where he molded his investment philosophy around the concept of value investing pioneered by Benjamin Graham. He also attended New York Institute of Finance to hone on his economics background. At the start he joined the investment firm of Mr Graham. Later, he created Buffett Partnership in 1956 and his investment firm eventually in 1965 acquired a textile manufacturing firm called Berkshire Hathaway. In 1970 he became the Chairman of this diversified holding company. He met his partner nd his closest friend **Charlie Munger,** another stalwart investment Guru, in 1959 who untimely become Vice-chairman of BH. The rest is history. In the investment world, **Buffett has been referred to as the "Oracle" or "Sage" of Omaha**

Buffett is not only super successful and the richest investor in the modern history but he has also developed a

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MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
S & P	3951	4109	4.0%	7.0%	-19.5%
Nasdaq	11379	12221	7.4%	16.8%	-33.1%
FTSE 100	7888	7631	-3.3%	2.4%	0.4%
Shanghai Compsite	3310	3272	-1.1%	5.9%	-15.1%
NIFTY	17123	17360	1.4%	-4.3%	4.5%
Nairobi SE 20	1638	1622	-1.0%	-3.2%	-11.7%
Egypt SE 30	17123	16694	-2.5%	14.0%	22.5%
Tanzania All Shares	1922	1864	-3.0%	-0.9%	-0.9%
Nigeria SE 30	1985	1957	-1.4%	6.2%	7.0%
Morrocco All Shares	10843	10391	-4.2%	-4.0%	-18.9%
Bangladesh DSE 30	2218	2209	-0.4%	0.6%	-13.3%

Commodity	Monthly Close	Monthly Close	Monthly Change %	2023%	2022%
Gold	1836	1978	7.7%	8.1%	0.05%
Crude Oil	84.14	84.11	0.0%	-2.2%	10.98%
WTI Oil	77.48	79.74	2.9%	-0.5%	6.14%
Copper	4.16	4.08	-1.9%	6.5%	-13.35%
Irone Ore	126.8	127.06	0.2%	14.2%	-1.08%
Aluminium	2435	2412	-0.9%	1.3%	-15.03%

knack for sharing his wisdom on investment and life, mainly through his annual letter to the shareholders of Berkshire Hathaway since 1965 till now every year. Investors across the world wait for his Annual letter to get the glimpse of his wisdom on investment, economy and new investment ideas. Interestingly. although he has written many articles and given lectures and interviews but he never written a book. The annual Berkshire shareholders meeting, dubbed by Buffett and fans as the "**Woodstock for Capitalists,**" has seen as many as 40,000 attendees in the largest convention center in Omaha, Nebraska

Buffett follows the Benjamin Graham school of value investing. However he has developed it further and made it more modernized and practitioner I will use his various comments in understanding.

Value Investing a Game of Patience

"The stock market is a wonderfully efficient mechanism for transferring wealth from the impatient to the patient". Please have a lot of patience when buying shares. He reminds us that "*Someone is sitting in the shade today because someone planted a tree a long time ago". You must allow trees to bear the fruit.*

To treat your mindset about a long holding period he mentioned "*I never attempt to make money on the stock market.* ***I buy on the assumption that they could close the market the next day and not reopen it for five years***" Previously he mentioned *"If you don't feel comfortable owning something for 10 years,* ***then don't own it for 10 minutes.***" (note the change in time from 10 years to 5 years due to changing times and speed of innovations).

The synopsis of these quotes is when you invest allow the company to perform in a longer time line to achieve our projection.

In this respect, most investors take quarterly results, annual results very seriously. But he advices, "Do not take yearly results too seriously. Instead, focus on four or five-year averages". You have to understand that every company will have its ups and lows but if they are fundamentally strong they will be able to come back to their long term trajectory.

Another unparallel advice by him is "***If you don't find a way to make money while you sleep, you will work until you die.***" And this magic will only happen if you are disciplined and maintain your patience. To this he says "***we don't have to be smarter than the rest. We have to be more disciplined than the rest.***" ,,, "*Successful Investing takes time, discipline and patience. No matter how great the talent or effort, some things just take time: You can't produce a baby in one month by getting nine women pregnant*".

To drive in the basic fundamental mindset, he explained "*with a wonderful* business, *you can figure out what will* happen; ***you can't figure out when it will happen.*** *You don't want to focus on when, you want to focus on what. If you're right about what, you don't have to worry about when*

Uncertainty, Mistakes in your decision and acceptance:

People always talk about uncertain times in the market. He summed up beautifully, *"You know, people talk about this being an uncertain time. You know, all time is uncertain. I mean, it was uncertain back in - in 2007, we just didn't know it was uncertain.*

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COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2022 %	Inflation %
USA	25283	48264	1.4%	6.50%
China	17300	7620	5.2%	2.5%
India	3500	3210	6.1%	5.6%
Egypt	423	49	5.5%	15.20%
Kenya	118	23	5.1%	6.6%
Tanzania	71	7	5.2%	5.3%
Morocco	147	11	3.1%	8.30%
Nigeria	454	54	3.20%	20.2%
Bangladesh	425	68	6.0%	9.10%

Forex	Monthly Close	Monthly Close	Monthly Change %	2023%	2022%
EUR USD	1.060	1.081	1.98%	1.1%	-5.57%
GBP USD	1.190	1.230	3.36%	2.1%	-11.00%
USD INR	82.605	82.190	0.50%	0.6%	-9.95%
USD KES	127.800	132.500	-3.55%	-6.9%	-8.24%
USD EG POUND	30.630	30.900	-0.87%	-19.8%	-36.58%
USD TZS	2340	2332	0.34%	-0.2%	-0.95%
USD NAIRA	460.470	460.340	0.03%	-2.9%	-8.00%
USD TAKA	106.800	107.650	-0.79%	-4.1%	-16.98%

It was - uncertain on September 10th, 2001. It was uncertain on October 18th, 1987, you just didn't know it."

According to him, *"The future is never clear; you pay a very high price in the stock market for a cheery consensus. Uncertainty actually is the friend of the buyer of long-term values."*

Secondly, everybody makes mistakes in the market while buying or selling, since it is game of assumption of future performance of a company which is uncertain.

"The investor of today does not profit from yesterday's growth."

He says, "only when the tide goes out do you discover who's been swimming naked." This is so true if you are long enough in the stock market you will realize it for sure.

Buffett is very candid about all his wrong decisions. May be by telling publicly he wants to create a barrier for himself not to repeat. Like Heinz and kraft foods or Conoco Phillips etc, He mentioned "I bought a company in the mid-'90s called Dexter Shoe and paid $400 million for it. And it went to zero. And I gave about $400 million worth of Berkshire stock, which is probably now worth $400 billion. But I've made lots of dumb decisions. That's part of the game." He is one of the few Gurus who openly accepts his wrong decision

Happy Investing

(To be continued)

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for Small & Medium Investors

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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 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
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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 :

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2) Start Your millionaire Journey

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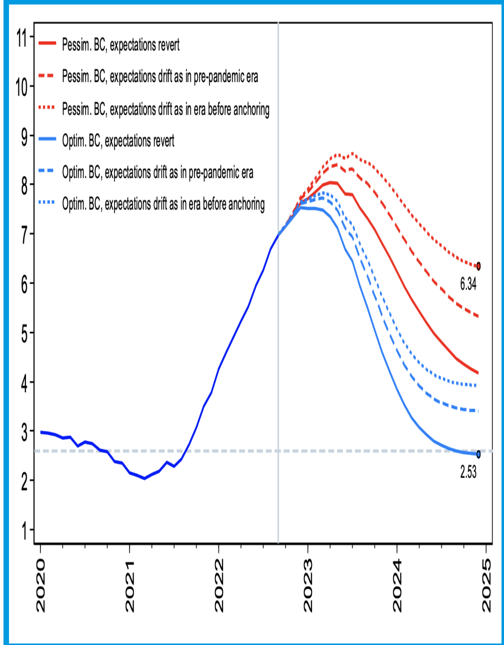
BEST CHART OF THE MONTH

Increase in Fed rate since 1988

Time Period	Duration (Months)	Total Change (%)
Mar 1988 - May 1989	14	3.23
Feb 1994 - Feb 1995	12	2.67
Jun 1999 - May 2000	11	1.51
Jun 2004 - Jun 2006	24	3.96
Dec 2015 - Dec 2018	36	2.03

In comparison in 9 months Fed increased 4.5% during 2022 the fastest in the four decades



Fed is looking for an Inflation rate of 2% p.m. Given the current inflation level at 6.5% it seems that pain will be long driven it may not be before first half of 2025 the inflation falls to 2%;

VALUE INVESTING

Debashish Neogi

" Gambling does not require any skill while Investing for long term requires ability to take an informed decision of the business future of company, patience and long term perspective of the market.. Investment is not gambling"

Investing in stock market is not gambling! (Repeated)

World Leaders on US Banking Crisis in last 2 weeks :

1. President Biden: "Our banking system is safe"

2. US Treasury Secretary Yellen: U.S. banking system is "sound"

3. Fed Chairman Powell: Banking system is "strong"

4. Swiss National Bank: Problems of US banks "do not pose a risk of contagion for Swiss financial markets"

5. ECB's Lagarde: "Equipped to provide liquidity to financial system if needed"

6. French Economy Minister: "US bank failures pose no risk of contagion for European institutions"

7. Dutch Prime Minister Rutte: "Very unlikely we'll have a new banking crisis in Euro Zone"

8. German Chancellor: "The banking system in Europe is stable"

Meanwhile, Credit Suisse sold for pennies on the Dollar and ~200 banks in the U.S. are facing the same risks of SVB.
Now, Deutsch Bank, $DB, credit default swaps hit a 4-year high.

The disconnect between leaders and reality is concerning. At regular intervals Fed keep changing their stance **.If narratives keeps changing so fast and more important is, if issues keep coming up so fast how can a retail investor make money ?**

The above discussion led to an interesting debate with my school friends group , which made me write this article .

Friend : Stock markets are a game of chance... Not a game of skill... But everyone tries to make so many rules, studies, statistics, analytics, techniques, strategies and what not out of it... And the operators are the house owners, always in profit...

My Reply : For traders(short term) it's game of probability; for investors it's game of skill (long term)….. in casino/ gambling it's opposite (long term you loose and short term you win)hence it's a gamble unlike investing.

In short or long term **99% traders** loose money (hard data of NSE), investors (longer time frame of over a cycle of 10 years)people make some money (hard data)

Anything revolving around chance /risk is not necessarily gambling ….in life everything has risk and chance factor for example, suppose you participate in a Everest trek there is risk and chance you may not make it, one may die - that doesn't mean it's gambling, people prepare for it acquire skills and make it ,same goes for investing …..anything which builds capability once you do it repeatedly is a skill. Gambling does not require a skill hence you will not make consistent money over long term for sure. Anyway this is never ending discussion, o**nly advice if one considers its gambling don't be in it.**

When outcome is not known it's a game of chance (read probability) that nessesarily does not mean it's gambling. Football is a skill because you feel a skilled team will have higher probability of winning, Hence, I say if one has acquired skills he will have higher probability of winning in investing. If one considers investing as gambling because he may have lower level of investing skills ,then don't do Investment is my point.

When the probability of you winning is more than probability of loosing I put it as skill, hence football is a skill ,investing is a skill ….most important if one feels investing is gambling then why gamble as in the long term, you will always loose.

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If I was to summarize for retail people at large I would say Investing in the stock market is not the same as gambling, although there are risks involved. Gambling is usually based on chance, and there is no underlying business or asset that the gambler is investing in. In contrast, investing in the stock market involves buying shares of a company that represents a portion of ownership in that company. **The value of the shares can go up or down depending on various factors, such as the company's performance, industry trends, economic conditions, and investor sentiment.**

While investing in the stock market involves risks, it is not purely based on chance like gambling. Investors can make **informed decisions** based on research, analysis, and their understanding of the market and the companies they invest in.

It is a fact that **most of the investors in the market place invest like a gambler** on the basis of a business paper reports, a business channel analysis, a tip from official party, friends, family get together without looking at the company's operation, financial reports or at times without even knowing what is the business of the company or merely on the basis of 52 week low price, **You may also make money on many such gambles but in the long run you will loose heavily.** For example, if you toss a coin either you can get a head or a tail. If you are lucky, it may happen that you may get for the first 10 tosses you get a head when you called a Head that does not guarantee you will get Head in the next 10 tosses. If you are getting heads in each call you will continuously increase your gamble bet so say your 11th Call bet would be the highest bet where you loose for a "Tail ". Then you will rationalise that this is a abaration and again will go for a bet with Head. You may again lose to a Tail. If do a 1000 tosses you will understand that in a binary situation of either win or loss in a Gambling - probability of win or loss where no skill is involved is almost equal if you do it for long time or for large number of iterations.

It's important to note that i**nvesting in the stock market requires patience and a long-term perspective.** While there may be short-term fluctuations in the stock market, over the long-term, the market tends to produce positive returns.

However, it's important to be aware that there is no guarantee of profits in the stock market, and investors can lose money if they make poor investment decisions. Therefore, it's important to do your research and seek advice from financial professionals before investing in the stock market….

Vishal Khandelwal has an important take on a similar topic below

This story came back to light when I was reading notes from the 1989 AGM of Berkshire Hathaway, where Warren Buffett was asked about his approach to risk and investment decision making, and he replied –

Take the probability of loss times the amount of possible loss from the probability of gain times the amount of possible gain.

That is what we're trying to do. It's imperfect, but that's what it's all about.
As an equation, it reads thus –

Success in investing = (Probability of gain X Amount of possible gain) – (Probability of loss X Amount of possible loss) = A positive number.

Michael Mauboussin describes this concept as expected value. It's actually a very simple concept.

In essence, you don't have to be right a lot, you just have to be right about your big bets at the right time.

Here, while the probabilities matter a lot, so do the consequences i.e., amount of possible gain/loss.

It's important to get that equation right.

If you are willing to buy a stock, say, priced at 60-70x P/E or more, thinking the probability of it going higher is good, also remember the consequence of a period of weakness/slowdown in business. Such expensively priced stocks ride on high expectations, and the consequences of a small slip could be really bad.

Given that we often tell ourselves false stories to avoid the truth, with our minds clouded by denial, optimism and negative decision-making tendencies, the expected value idea can help us avoid the landmine of expensive, hot and bad stocks that cover a large ground in stock investing.

Buffett says, "In order to succeed you must first survive."

So here's the mantra.

In life, to live, simply avoid dying (till you can).

In investing, to succeed, simply avoid ruin (till you can).

Its our 50th monthly newsletter I humbly accept your comments and appreciation

Happy Investing

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Surrogate Investment Platinum is for High Value Clients who does not have time to monitor their Investment and they are only interested in the return in their portfolio.

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- A**llow Digitian Capital processors to Buy and sell shares in your account**
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DIGITIAN
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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.

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