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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 2)

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. To end the series, I started with the most influential investor of all time - **Warren E Buffett. (For the First part Read March newsletter)**

As I mentioned in part 1, all investors can learn from the Warren Buffet and fine tune their mistakes. That is the main purpose of my series on Guru Investors. In the part 2, I will start with risk management propagated by Buffet.

Cardinal Principle of Risk Management

When you are investing for a fairly long term with future uncertainty then you have to be careful and has to accept if you have made any bad decisions mercilessly.

To survive in the market you must remember :

"The first rule is not to lose. The second rule is not to forget the first rule."

He also cautions you not to make a hurried investment decision and riding on the wave without understanding the consequences. He mentioned *"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."* Always remember your **past performance is not the indicator of your future performanc**e, you have to protect yourself from each and every investment decision you are taking.

The most important quality for an investor is temperament, not intellect. If you cannot control your emotions, you cannot control your money.

Risk comes from not knowing what you're doing.

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 Open	Monthly Close	Monthly Change %	2023%	2022%
Gold	1978	2025	2.4%	10.7%	0.05%
Crude Oil	84.11	75.24	-10.5%	-12.5%	10.98%
WTI Oil	79.74	71.56	-10.3%	-10.7%	6.14%
Copper	4.08	3.86	-5.4%	0.8%	-13.35%
Irone Ore	127.06	103.61	-18.5%	-6.9%	-1.08%
Aluminium	2412	2361	-2.1%	-0.8%	-15.03%

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When investing, pessimism is your friend, euphoria the enemy.

Often Investors from technical background things understanding accounting is not necessary. Then it becomes a great risk item. Buffet vouched "You have to understand accounting and you have to understand the nuances of accounting. It's the language of business and it's an imperfect language, but unless you are willing to put in the effort to learn accounting - how to read and interpret financial statements - you really shouldn't select stocks yourself

Avoid Fear of Missing out (FOMO) phenomenon

Many of our decisions are on a BLINK (read the book by Malcom Gladwell) but your investment decision should not be on a blink. It requires tremendous amount of research, fact check, scuttle Butt and then understanding that whether this is the right company for you to hold for long term. You should not be driven by FOMO.

In our study of Peter Lynch, we mentioned that P**eter Lynch advised that you should nor repent that you missed an opportunity to ride an investment.** Because according to him you will get various **ride points** for investment in the same company. So do not panic, have patience and wait. Similarly Buffet says, ***"You only have to do a very few things right in your life so long as you don't do too many things wrong."***

Investing also depends only on your inner thoughts and ideas what you believe in, if it aligns with the market then only will have success. As Buffet puts it, ***"You do things when the opportunities come along. I've had periods in my life when I've had a bundle of ideas come along, and I've had long dry spells. If I get an idea next week, I'll do something. If not, I won't do a damn thing."*** In this mind set you cannot have FOMO.

In another masterpiece comment he has given the crux of entry and exit to the market, "***We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful."*** This is very hard to follow but you will make significant money if you can follow.

Buffet always **keeps a lot of cash when the market is going high.** He maintains this cash position so that he can invest in beautiful companies when the market corrects, and he gets the company at a fair price. Remember he does not know WHEN?

Portfolio Diversification :

Many of the Gurus have mentioned that your portfolio should not be too much diversified. Some has also given numbers of holdings as well. In this regard, Buffet says, ***"Wide diversification is only required when investors do not understand what they are doing."***

It has to be understood that he is talking about core-portfolio concentration

Diversification may preserve wealth, but concentration builds wealth.

A lot of great fortunes in the world have been made by owning a single wonderful business. If you understand the business, you don't need to own very many of them.

How to zoom in on a company and invest in a position : Most important factor is finding out the beautiful company at a fair price. attributes exist, and when we can make purchases at

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COUNTRY DATA

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
S & P	4109	4119	0.2%	7.3%	-19.5%
Nasdaq	12221	12080	-1.2%	15.4%	-33.1%
FTSE 100	7631	7773	1.9%	4.3%	0.4%
Shanghai Compsite	3272	3323	1.6%	7.6%	-15.1%
NIFTY	17360	18147	4.5%	0.0%	4.5%
Nairobi SE 20	1622	1578	-2.7%	-5.8%	-11.7%
Egypt SE 30	16694	17300	3.6%	18.1%	22.5%
Tanzania All Shares	1864	1867	0.2%	-0.7%	-0.9%
Nigeria SE 30	1957	1886	-3.6%	2.4%	7.0%
Morrocco All Shares	10391	10431	0.4%	-3.7%	-18.9%
Bangladesh DSE 30	2209	2206	-0.1%	0.5%	-13.3%

Forex	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
EUR USD	1.081	1.100	1.76%	2.9%	-5.57%
GBP USD	1.230	1.246	1.30%	3.4%	-11.00%
USD INR	82.190	81.860	0.40%	1.0%	-9.95%
USD KES	132.500	136.150	-2.68%	-9.4%	-8.24%
USD EG POUND	30.900	30.910	-0.03%	-19.9%	-36.58%
USD TZS	2332	2355	-0.98%	-1.2%	-0.95%
USD NAIRA	460.340	460.310	0.01%	-2.9%	-8.00%
USD TAKA	107.650	106.110	1.45%	-2.7%	-16.98%

Buffets says "***Our investments continue to be few in number and simple in concept: The truly big investment idea can usually be explained in a short paragraph. We like a business with enduring competitive advantages that is run by able and owner-oriented people. When these attributes exist, and when we can make purchases at sensible prices, it is hard to go wrong (a challenge we periodically manage to overcome).***"

Further, he asks the investors to be confident on their own thesis and to follow what they believe in. He says,"You're neither right nor wrong because other people agree with you. You're right because your facts are right and your reasoning is right - that's the only thing that makes you right. And if your facts and reasoning are right, you don't have to worry about anybody else."
Time and again he mentioned about sensible price or Fair price etc. Actually he has given enough hints on the entry point**.** According to him, **"The true investor welcomes volatility ... a wildly fluctuating market means that irrationally low prices will periodically be attached to solid businesses."** This is simple: but require patience, discipline, and avoidance of FOMO.

The great personal fortunes in the country weren't built on a portfolio of fifty companies. They were built by someone who identified one wonderful business. **With each investment you make, you should have the courage and the conviction to place at least 10% of your net worth in that stock.**

Buffet quips, "***Failure comes from ego, greed, envy, fear, imitation. I have success not because I am smart, but because I am rational.***

Happy Investing

(To be continued)

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%

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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
- 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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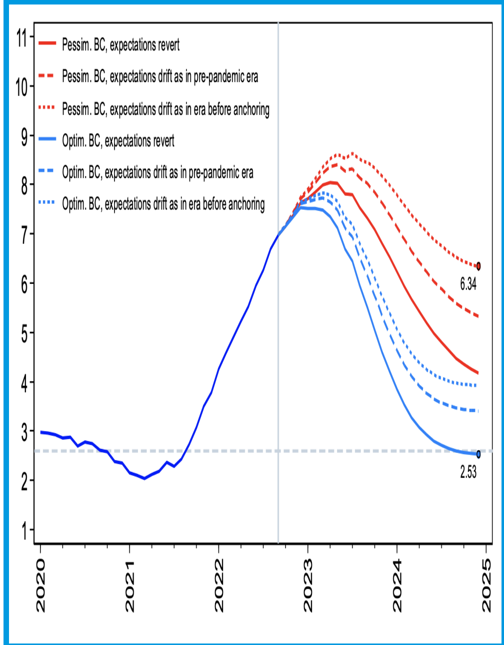
BEST CHART OF THE MONTH

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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Be a millionaire Start **Surrogate Investment** Platinum ?

After the success of Surrogate Investor for small and medium value investors We have introduced SURROGATE INVESTMENT Platinum

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.

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 medium to long term
- **Professional Expertise & Performance Track:** Fund managers are super Qualified Professional Experts with their Return CAGR varies between 35%- 48% over last 15 years

Why it is a better structure than market Portfolio Management?

- **Full Control over your dedicated Investment Account in your own name with a 3rd Party Large Banking Brokerage :** Open an account yourself with the a large Brokerage. Our Team will buy and sell in your account depending upon shares selected by our Super Investors
- **Tax Advantage:** Since it is in your own account, you can take advantage of Long term and short gain without paying double taxation
- **Full control of your Investment Fund:** you control the bank account linked to the trading account so there is ZERO RISK and no TRUST DEFICIT.
- **ZERO FEES or UPFRONT PAYMENT :** only transfer to Digitian Capital after you earned an upside (only on realisation) All control is in your hand
- **A separate Digital Account with Digitian Capital :** This will track trading results for easy reference.

What is the structure of SURROGATE INVESTMENT Platinum ?

- **Minimum Investment Requirement :** USD 500,000 or INR 3 crores
- Markets : INDIA & USA
- **Open a dedicated Brokerage Account with any Large banking Brokerage**
- **Minimum Investment : 12 months for each stock**
- **Allow Digitian Capital processors to Buy and sell shares in your account**
- **Quarterly Review of Investment performance and upside payment to Digitian Capital**

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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.

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