



FUTURE FOCUS
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Warren Buffett and his investment philosophy (Part 3)

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 and Second part Read March/ April newsletter)

As I mentioned earlier 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 3, I will start with risk management propagated by Buffet.

How Buffet Select his investments ?

- Basically, the single-most important decision in evaluating a business is **pricing power**;

- **Power of Saying "No"**: "The difference between successful people and really successful people is that really successful people say no to almost everything."
- Buy companies with strong histories of profitability and with a dominant business franchise.
- Look for companies with high profit margins.(so always remember it is not absolute profit, it is the margin that matters)
- Do not become too ambitious – remain within your limits of understanding. As Buffet says "I don't look to jump over 7-foot bars: I look around for 1-foot bars that I can step over."
- **Stick to your circle of competence**: Everybody's got a different circle of competence. The important thing is

"..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 "

MARKET WATCH

Equity Indices	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
S & P	4119	4179	1.5%	8.9%	-19.5%
Nasdaq	12080	12935	7.1%	23.6%	-33.1%
FTSE 100	7773	7481	-3.8%	0.4%	0.4%
Shanghai CompSITE	3323	3204	-3.6%	3.7%	-15.1%
NIFTY	18147	18545	2.2%	2.2%	4.5%
Nairobi SE 20	1578	1546	-2.0%	-7.8%	-11.7%
Egypt SE 30	17300	17529	1.3%	19.7%	22.5%
Tanzania All Shares	1867	1821	-2.5%	-3.2%	-0.9%
Nigeria SE 30	1886	2021	7.2%	9.7%	7.0%
Morocco All Shares	10431	11041	5.8%	2.0%	-18.9%
Bangladesh DSE 30	2206	2198	-0.4%	0.1%	-13.3%

Commodity	Monthly Open	Monthly Close	Monthly Change %	2023%
Gold	2025	1973	-2.6%	7.8%
Crude Oil	75.24	72.78	-3.3%	-15.4%
WTI Oil	71.56	68.20	-4.7%	-14.9%
Copper	3.86	3.69	-4.4%	-3.7%
Iron Ore	103.61	105.07	1.4%	-5.6%
Aluminium	2361	2252	-4.6%	-5.4%

- not how big the circle is. The important thing is staying inside the circle. (Buffet has ventured in very few industries –mainly BFSI segments)
- **Competitive Advantage of Business:** The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the **competitive advantage of any given company and, above all, the durability of that advantage.**
- **Entry Opportunity :** A great investment opportunity occurs when a marvelous business encounters a **one-time huge, but solvable problem.**

What preparations required to become a savvy Investor?

To invest successfully, you **need not** understand beta, efficient markets, modern portfolio theory, option pricing or emerging markets. **You may, in fact, be better off knowing nothing of these.** That, of course, is not the prevailing view at most business schools, whose finance curriculum tends to be dominated by such subjects. In Buffet's view, though, investment students need only two well-taught courses - **How to Value a Business, and How to Think About Market Prices.**

The best investment you can make, is an investment in yourself. **The more you learn, the more you will earn.** "Read 500 pages every day. That's how knowledge works. It builds up like compound interest. " He jokingly mentioned "other guys read Playboy. I read annual reports."

He guided that in a Promoter, look for 3 things -Intelligence, Energy, & Integrity.

There are three kinds of people: 1. Innovators. 2. Imitators. 3. Idiots. You need to focus on Innovators.

According him an investor need to be rational "Failure comes from ego, greed, envy, fear, imitation. I have success not because I am smart, but because I am rational."

Size of Investment ?

"The great personal fortunes in investment 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.**

This is a great parameter to understand what is your investment maturity level.

"... but the important thing is that when you do find one where you really do know what you are doing, you must buy in quantity.... Charlie and I have made a dozen or so very big decisions relative to net worth, although not as big as they should have been. And in each of those, we've known that we were almost certain to be right going in"

Buffet likes three important principles to Graham's approach:

- The first is to look at stocks as fractional shares of a business, which gives you an entirely different view than most people who are in the market.
- The second principle is the margin-of-safety concept, which

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2022 %	Inflation %	GDP (USD Bn)
USA	25283	48264	1.4%	6.50%	23420
China	17300	7620	5.2%	2.5%	16000
India	3500	3210	6.1%	5.6%	3050
Egypt	423	49	5.5%	15.20%	340
Kenya	118	23	5.1%	6.6%	118
Tanzania	71	7	5.2%	5.3%	62
Morocco	147	11	3.1%	8.30%	122
Nigeria	454	54	3.20%	20.2%	445
Bangladesh	425	68	6.0%	9.10%	400

Forex	Monthly Open	Monthly Close	Monthly Change %	2023%	2022%
EUR USD	1.100	1.063	-3.36%	-0.6%	-5.57%
GBP USD	1.246	1.241	-0.40%	3.0%	-11.00%
USD INR	81.860	82.510	-0.79%	0.2%	-9.95%
USD KES	136.150	138.650	-1.80%	-11.1%	-8.24%
USD EG POUND	30.910	30.900	0.03%	-19.8%	-36.58%
USD TZS	2355	2365	-0.42%	-1.6%	-0.95%
USD NAIRA	460.310	461.000	-0.15%	-3.0%	-8.00%
USD TAKA	106.110	107.150	-0.97%	-3.6%	-16.98%



gives you the competitive advantage.

- The third is having a true investor's attitude toward the stock market, which if you have that attitude, you start out ahead of 99 percent of all the people who are operating in the stock market - it's an enormous advantage. (Like Rakesh Jhunjhunwala of Indian stock market - the Eternal Bull)

If you understood a business perfectly and the future of the business, you would need very little in the way of

a margin of safety. So, the more vulnerable the business is, assuming you still want to invest in it, the larger margin of safety you'd need. If you're driving a truck across a bridge that says it holds 10,000 pounds and you've got a 9,800 pound vehicle, if the bridge is 6 inches above the crevice it covers, you may feel okay, but if it's over the Grand Canyon, you may feel you want a little larger margin of safety.

Happy Investing

(To be continued)

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Performance during Covid: India

Name of the Company	Date of Purchase	Entry Price	Actual Gain Published in Dec2021	Actual Gain Published in March 2022	Actual Gain Published in June 2023
NGL Fine Chem	13-Mar-20	302	767%	729%	572%
Tata Elxsi	27-Apr-20	790	646%	646%	883%
RACL Geartech	4-Aug-20	65	897%	897%	2085%
Arman Financial	8-Feb-17	243	327%	327%	826%
Shivalik Bimetal	5-Feb-21	69	443%	697%	933%
Newgen Software	7-Apr-20	116	373%	477%	610%
Trident	1-Oct-20	6.55	648%	740%	419%
Indian Bank	11-Jan-21	87	Not in List	94%	287%



Debashish



Saugata

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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 :

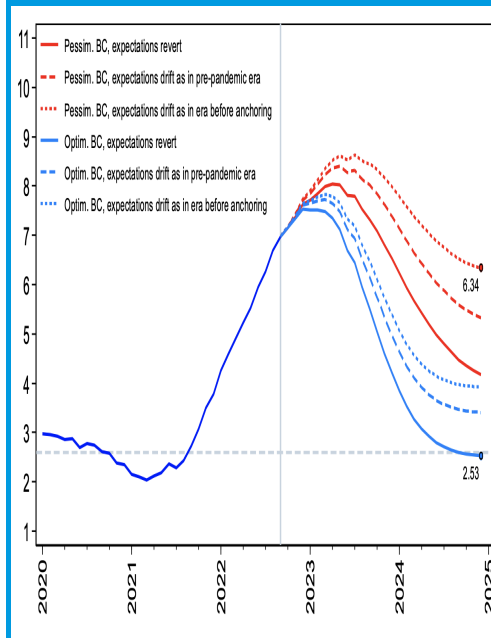
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BEST CHART OF THE MONTH

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”

How to find a Microcap Multi-bagger ? (PART 1)

A full fledged Masterclass on Micro-cap Multi bagger was aired by SOIC in July 2023. This was a unique opportunity to get the view of Super Investor Debashish Neogi. The entire episode is over 3 hours and is available to the paid Subscriber of SOIC. The cost of SOIC subscription is Rs 15000/- (\$200) annually.

Our readers will get a FREE glimpse of his view on this interesting Topic in installments in our Newsletters. (keep Reading)

What is Multi-bagger?

In the context of finance and investing, the term "multi-bagger" refers to a stock or investment that generates exceptionally high returns over time. A multi-bagger is typically used to describe an investment that has appreciated significantly, often several times its original investment value.

The term "multibagger" comes from the concept of a bag that multiplies its contents, suggesting that the investment has grown exponentially. For example, if you invest \$10 in a stock and it eventually reaches a value of \$100, that stock would be considered a multi-bagger because it has grown tenfold.

Insights on Multi-bagger

Multi bagger (here talking of 100x and not 10x) analysis of past decade in India .

Three insights came out which according to me is very important :

- All were less than 500cr market cap in 2011 except Bajaj finance which was 2500cr
- It was from all types of sector hence sector was not important but the company itself was
- 80% of the share price move happened in less than 20% of the time in last 10 years and hence holding them through ups and down is key

Apart from above what was key according to me was :

- Promoter is Key
- Large market potential or Niche scalable potential tapped very early
- They have competitive edge and/or also pricing power in a big addressable market
- Give adequate weight age to the Time ,Return will be by product then !

Trade-off between R and n

$$A = P \left(1 + \frac{R}{100} \right)^n$$

IAN Cassel Insights on Multi-bagger

The smaller the company, the more should be the focus on management and qualitative analysis. CEOs of small micro cap companies tend to wear a bunch of hats, so their influence is much greater than larger companies. Founders are the difference makers.

Intelligent Fanatic = (Long Term Vision + Focus + Energy + Integrity + Intelligence) x ExecutionIan Cassel

Many investors mistake an executive with charisma for being an intelligent fanatic. The micro-cap space in particular is filled with snake oil salesman and executives that talk too much and do too little.

Don't mistake a story telling, charismatic CEO as an intelligent fanatic. In fact, many intelligent fanatics are not charismatic. Intelligent fanatics let their execution do the talking.

My Learnings :

- Luck plays an important role – we under estimate (ex ITC as a personal example)

Then comes Skillcheck your “Skill Will Matrix”

- Focus on your core competence
- Stay foolish stay hungry –Steve Jobs
- Cut the noise
- No trade is also a trade (no investment is also an investment) –ex personal example sitting on 30%+ idle cash for almost 4 years –opportunity cost is huge either way
- Behaviour is Key (Investment with Masters & Professor Sanjay Bakshi course in FLAME gives an edge)

- Company should have pricing power
- Available at reasonable valuation ,which we all want
- Focus on T (Time) in life which means focus on Health & Happiness, Money will be a by product
- Money should be made when you sleep –hence follow the process of hunting not the hunt itself

Need to find earnings growth

- Consistent profit growth (ex Tata elxsi)

	Date of first purchase	Entry price	Price 7 Jul 2023	No of times(X)	No of years taken
Arman Financial	8 Feb 2017	243	2256	9.3	6.4
RACL geartech	4 Feb 2020	65	1218	18.7	3.4
Tata Elxsi	27 Apr 2020	790	7541	9.5	3.2
NGL finechem	13 Mar 2020	302	1992	6.6	3.3

- Good management with strong execution skills & skin in the game (because we are betting on the jockey)
- A company which has competitive edge /Right to win and have clear focused “strategic intent “ for years.
- I can clearly see “sustainable profitable growth “atleastfor next 5-7 years –all the 3 words are very important for me - sustainable ,profitable and growth over long period of time !!
- Operating Leverage -works beautifully in high gross margin business which have low capacity utilisati
- Completion of major capex(Ex Deepak Nitrate)
- Split of business (ex KPIT)\
- Extraordinary or one off write off (Ex Tanla)
- Change of perception a) Change of Management / Change of owners /Change of CEO (Ex Tube investment

b) New Themes –Sugar (ex Shree Renuka), Renewable–Waaree technology, Denora

MOSL Wealth Creator study says:

Need to find earnings growth , most of the time PE -re rating would follow which is biggest trigger in share price CAGR for multi-baggerHappy Investing

Exhibit 2 Top 10 Biggest Wealth Creators (2017-22)

Rank	Company	Wealth Created		CAGR (%)		P/E (x)	
		INR bn	% share	Price	PAT	2022	2017
1	Reliance Inds	13,018	14.1	32	14	30	14
2	TCS	9,548	10.3	25	8	36	18
3	Infosys	5,795	6.3	30	9	37	17
4	HDFC Bank	4,108	4.4	15	20	21	24
5	Bajaj Finance	3,614	3.9	44	31	62	35
6	ICICI Bank	3,286	3.6	24	20	20	16
7	Adani Trans.	2,538	2.7	106	24	217	17
8	Hind. Unilever	2,442	2.6	18	16	54	46
9	Bharti Airtel	2,422	2.6	19	-7	137	32
10	Wipro	2,302	2.5	25	8	27	15
Total of Top 10		49,075	53	27	13	34	19
Total of Top 100		92,166	100	28	20	32	23

Exhibit 3 Top 10 Fastest Wealth Creators (2017-22)

Rank	Company	Price Appreciation (x)	Price CAGR %	PAT CAGR %
1	Adani Transmission	37	106	24
2	Tanla Platforms	32	100	67
3	Adani Enterprises	30	97	-4
4	Brightcom Group	26	92	16
5	Tata Tele. (Mah.)	23	87	L to L
6	Deepak Nitrite	17	76	87
7	Alkyl Amines	16	74	34
8	Tata Elxsi	12	65	26
9	Coforge	10	59	20
10	Mindtree	10	57	32

L to L – Loss to Loss; N.M. – Not Meaningful

(to be continued)

Continued Page 7

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**



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

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- ⌘ Unique Access to Frontier & Emerging Markets
- ⌘ Cheaper Cost
- ⌘ Value Stock Pick
- ⌘ Multi-bagger return
- ⌘ Online Investment Platform
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