



**DIGITIAN  
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 ”

### How Exchange Fluctuations influence stock market?

# DIGITIAN VIEW!

Please read my series on Investment GURUs, where I covered ten(10) Top Gurus - Benjamin Graham, Peter Lynch, William J O'Neil, Philip A Fischer, Thomas Row Price Jr, John Templeton, John Boogle, Joseph Piroshki, Carl Icahn and Warren E Buffett.(the series start with March 2023 newsletter)

If you are investing in different markets like we do then you need to determine the future market trend in the stock market for investment timing. Although the stock price is dependent on the performance of the company and the expected future performance. However, the bullish trend in the market helps the stock price of the good companies to gain momentum.

The main conditions for Bullish trend in stock market is the underlying economic conditions of the country. This is the main requirement for the long term term bullish trend but exchange rate has a bearing.

If the economic conditions remain good and showing growth the market is moved by excess liquidity. Currency deprecation against USD creates the attractiveness for Foreign Portfolio Investment to the Country for stocks at a relative cheap price.

**India : Indian Currency INR depreciated against USD from INR 63.429 in January 2018 to 83.292 in November 2023 a depreciation of almost 31.33%. During the same time Indian Stock market Index, Sensex moved from 33812 in January 2018 to 65794 registering a growth of 94.59%. while the cumulative GDP growth over the last 5 years is 25% (including the effect of COVID). The super Bull run in Indian Stock is thus partly due to push from the local currency depreciation.**

## MARKET WATCH

Equity Indices	Monthly Close	Monthly Change %	2023%	2022%
S & P	4288	-4.8%	11.7%	-19.5%
Nasdaq	13219	-5.1%	26.3%	-33.1%
FTSE 100	7608	-0.8%	2.1%	0.4%
Shanghai Compsite	3110	-0.5%	0.7%	-15.1%
NIFTY	19638	-2.3%	8.2%	4.5%
Nairobi SE 20	1509	-2.0%	-10.0%	-11.7%
Egypt SE 30	20054	2.6%	36.9%	22.5%
Tanzania All Shares	1782	-1.0%	-5.3%	-0.9%
Nigeria SE 30	2442	-1.6%	32.6%	7.0%
Morrocco All Shares	11865	0.8%	9.6%	-18.9%
Bangladesh DSE 30	2140	0.1%	-2.5%	-13.3%

Commodity	Monthly Close	Monthly Change %	2023%	2022%
Gold	1861	-3.7%	1.7%	0.05%
Crude Oil	92.7	-1.5%	7.8%	10.98%
WTI Oil	91.38	0.9%	14.0%	6.14%
Copper	3.74	-2.1%	-2.3%	-13.35%
Iron Ore	120.79	0.2%	8.5%	-1.08%
Aluminium	2360	6.2%	-0.8%	-15.03%

$$S_t = S_0 \left[ \frac{1 + \text{inflation}_A}{1 + \text{inflation}_B} \right]^t$$

$S_0$  = initial spot rate  
 $t$  = periods into the future  
 $S_t$  = estimate future spot rate

Country A and B

The above is the formula for **Purchasing power parity(PPP)**. To calculate the relative PPP rate, simply assume that the ratio of price levels was equal to the exchange rate from one currency to another, adjusted for the inflation rate. This would give you the rate of depreciation for one currency compared to another, and an estimate of the future exchange rate.

**The cumulative inflation in India since 2018 was around 34% while that of USA was 22%. So normally the exchange would have depreciated by 1.10x. This created the attractiveness for FPI which flowed to the extent net \$ 41 billion during this period creating a bull run.**

**Egypt :** Egypt which used to high inflation rate since 2008 of 11%+, adopted IMF regime in 2020 and due to heavy inflow USD fund from IMF the inflation dropped to 5% in 2020 & 2021. **In January 2021 Egyptian Pound (EGP) was 15.74 against a USD. But now n 2023 it is trading at EGP 30.94 - registering a depreciation of 96.6%. Egyptian Stock Exchange 30 Index was 10845 in January 2021 and it increased during this period upto 2023 to 22629 - a growth of 109%.**

**GDP Growth of Egypt since 2021 was around 13%. GDP growth to Stock Market growth is 2-4 x. Therefore, major stock market growth is due exchange depreciation. Inflation in Egypt shot to 34% in 2023, for last 3 years cumulative inflation is 53%. So PPP multiplier on Exchange rate is around 1.28x.**

**China :** The Chinese Yuan was

pegged to US Dollar till 2005 and then allowed to float but it is still virtually pegged to USD. In the last 3 years since 2021 Yuan depreciated 11% from Yuan 6.532 to Yuan 7.250. However, due to the Trade war with USA, the Chinese economy is not growing as per the average annual rate of 8.6% p,a - it only grew on an average at 4.75% for the last 4 years since 2020. Average inflation rate for last 4 years is only 1.51% ( a deflationary pressure is seen). Thus Shanghai Stock exchange registered a **fall in its composite Index by 13.27% from 3478 to 3012. Thus, economy and geo political issues are more powerful in case of China.**

**Kenya :** Kenya Shilling Depreciated 37% against USD from KES 109,74 to KES 150.45 since 2021. Economy did not grow well either averaging at 4.4% instead of decade average of 5.1%. This pushed Nairobi stock Exchange 20 Index to fall by 19% from 1868 in 2021 to 1509. While average inflation remain high at 7.3% p.a. Thus due to economic sluggishness and no PPP effect exchange depreciation could not influence Stock index.

**The signal :** If the local currency depreciation against USD is more than the annual average trend it will have a positive effect on the Stock market index growth provided the economic story of the country remains intact and positive , the currency is not pegged, and exchange rate fluctuation is due to relative PPP effect. For currency appreciation against USD the effect on stock index could be vice versa. It is seen that with a lag, currency depreciation will positively impact momentum in stock prices.

## 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 Close	Monthly Change %	2023%	2022%
EUR USD	1.057	1.06%	-1.1%	-5.57%
GBP USD	1.220	-1.69%	1.2%	-11.00%
USD INR	83.160	-0.05%	-0.5%	-9.95%
USD KES	148.20	-1.01%	-16.8%	-8.24%
USD EG POUND	30.93	0.06%	-19.9%	-36.58%
USD TZS	2508.00	-0.12%	-7.2%	-0.95%
USD NAIRA	770.00	-2.99%	-41.9%	-8.00%
USD TAKA	110.72	-0.65%	-6.7%	-16.98%



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## **Performance during Covid: India**

We only publish Top Multi bagger stocks with return >100%

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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# 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) Repeated

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 Execution .....Ian 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 Skill .....check 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*

## HOW TO INVEST IN DIGITIAN CAPITAL

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- ⌘ Multi-bagger return
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