



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 ”

Technical Analysis to enter into a position ! (Part 2)

DIGITIAN VIEW!

MARKET WATCH

This is a series on technical analysis (TA) of stocks- how it helps to enter into a long term position in that stock. It will also cover the very important aspect of exit from the stock at the right time.

TA at Buy :

A good stock is a good stock even if it started falling from the price you entered in the counter by 40-50% but it will again come back to its potential over 2-3 years time. Technical analysis is not required to spot a Good stock. The process identifying a Value stock is completely different. However, if there are more than one good value stock then you could apply technical analysis to see whether the price you are paying right.

For a growth stock (where the value is already established and the price is now your assessment on the growth) then technical analysis could help you the right entry point.

TA at Sale:

For the most experienced value investors also the most problematic investment decision is when to sell. By nature Value Investors do not sell their stocks ever and they will never can sell their stock at the peak price as they will always think that there will be a next high peak down the lane.

So it is better to test your hypothesis at each chart price peak along with Technical Analyses.

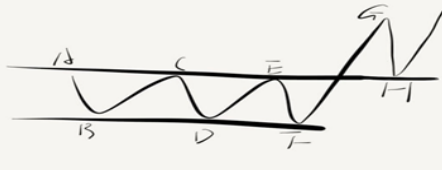
TA for adding up Positions :

If you are planning to add more to your current holding then you must do technical analyses before determining the price to enter.

We discussed the very fundamental of Technical analyses in Part 1 through Support and resistance. Today we shall discuss their interchangeability

Equity Indices	Monthly Close	Monthly Change %	2024%	2023%
S & P	5235	1.9%	10.4%	23.5%
Nasdaq	16352	0.5%	10.7%	41.1%
FTSE 100	7952	3.5%	6.2%	0.5%
Shanghai Compsite	3078	1.7%	4.1%	-4.3%
NIFTY	22462	0.4%	4.1%	18.9%
Nairobi SE 20	1752	15.9%	16.1%	-10.0%
Egypt SE 30	28297	-2.9%	11.1%	73.9%
Tanzania All Shares	1790	1.1%	-14.4%	11.2%
Nigeria SE 30	3881	-0.5%	36.7%	54.1%
Morrocco All Shares	13007	0.0%	7.1%	12.1%
Bangladesh DSE 30	2011	-5.5%	-3.9%	-4.7%

Commodity	Monthly Close	Monthly Change %	2024%	2023%
Gold	2259	8.0%	9.0%	13.2%
Crude Oil	87.62	5.0%	16.4%	-12.4%
WTI Oil	84.10	5.4%	19.6%	-12.3%
Copper	4.05	5.2%	4.7%	1.0%
Iron Ore	109.5	-3.9%	-19.7%	22.6%
Aluminium	2339	4.4%	1.1%	-2.8%



1. Support and resistance role reversal principle :

When price breaks through point G resistance, short sellers who were short at the initial resistance point will find themselves going in the wrong direction. The idea is: if the price is close to cost, we will lower the price. As they expected, when the price reaches point H, there will be a large number of liquidations, causing the price to rise.

Investors who were long when the price reaches point H support level (Resistance levels A C & E earlier) it is a good time for them to increase their holdings. Support and resistance are strong competition between bulls and bears.

2. Support and resistance levels represented by wave of peaks and troughs. A resistance break out is the signal for a buy



3. Trend lines: inclined trend lines and horizontal trend lines connect any two lows and you get a trendline; But a meaningful trend line requires three or more bottoms.



The steeper the slope of the ascending curve, the less meaningful a downward breakout is and indicates the entry of an ascending channel. The smaller the slope of the upward curve, then its downward breakout indicates a downtrend.

There are two possible ways to draw a sloping trend line. **Method 1: Draw a trend line of the highest prices or Resistance points**



Method 2: Draw a trend line of the Lowest prices or Support points



4. Trend line design can open and close positions by definition when the long-term rising line (moving average) is broken, we can sell or when the long-term downward line is broken, it could be a time to buy (for both there are many false signals winning rate is very low less than 40%.) So many other filters are required to be applied.

5. Theory of Breakthrough Trend the area of oscillations are the rectangular area between horizontal resistance and support lines (ACE and BDF) - two such pairs of point spread apart atleast. if the market breaks through a point that has not been broken for a long time, the trend is likely to continue to develop towards breakthrough trend.

We shall discuss more useful trendlines and scenarios in the next newsletter. (CONTINUED)

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2024p %	Inflation 2024p %
USA	27966	50781	2.1%	2.50%
China	17963	10889	4.6%	1.7%
India	3732	4330	6.6%	4.0%
Egypt	500	45	3.9%	26.20%
Kenya	115	10	5.3%	6.6%
Tanzania	79	7	5.5%	4.0%
Morocco	138	11	3.1%	2.60%
	187	54	3.50%	24.0%
Bangladesh	486	68	6.0%	7.90%

Forex	Monthly Close	Monthly Change %	2024%	2023%
EUR USD	1.074	-0.92%	-1.5%	2.0%
GBP USD	1.255	-0.87%	-0.7%	4.9%
USD INR	83.460	-0.66%	-0.2%	-0.7%
USD KES	132.00	11.36%	16.1%	-21.6%
USD EG POUND	47.64	-35.14%	-54.0%	-19.9%
USD TZS	2565.00	-0.58%	-2.0%	-7.5%
USD NAIRA	1307.00	23.30%	-47.5%	-49.5%
USD TAKA	109.74	-0.03%	0.2%	-6.1%



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Recommendation by	Name of the Company	Date of Purchase	Entry Price	Actual Gain Published in March 2022	Actual Gain Published in June 2023	Actual Gain Published in Dec 2023
Debashish	NGL Fine Chem	13-Mar-20	302	729%	572%	631%
Debashish	Tata Elxsi	27-Apr-20	790	646%	883%	1024%
Debashish	RACL Geartech	4-Aug-20	65	897%	2085%	1817%
Debashish	Arman Financial	8-Feb-17	243	327%	826%	952%
Saugata	Shivalik Bimetal	5-Feb-21	69	697%	933%	770%
Saugata	Newgen Software	7-Apr-20	116	477%	610%	1279%
Saugata	Trident	1-Oct-20	6.55	740%	419%	648%
Saugata	Indian Bank	11-Jan-21	87	94%	287%	422%



Debashish



Saugata

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VALUE INVESTING

Debashish Neogi

“A 100x Multi bagger will be generally in the small cap, sector agnostic, multiplies in a short time span but may be over 10 years, - a right to win is a must but you require a megatrend as tail wind”

No One Knows the Future in the short run (part 2) (Repeated)

Context : Indian market has been in a golden bull run for the last 6 years since 2018 - Indices have doubled with a return of 104.7%. So the obvious question is what is the future of the Indian stock market?

Out of last 20 years, market have corrected in 18 years more than 10%. Hence, I expect that market (read Nifty / Sensex)will correct in 2024 by at least 8-10% anytime , only issue : we don't know exactly when.

Having said that I would also like to mention that for first time in history of Indian market the forward earnings growth is keeping momentum with forward PE

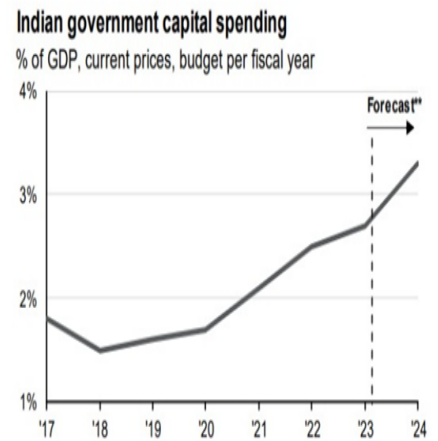
From the below table, It can be seen that in the last two years FY 22 and FY 23 all the sectors are up from 9% to 48% yearly. This happened only during FY 12- FY 14 when for 3 years all the sectors registered positive growth.

For the last 7 quarters from Jun 22 to Dec'23, all the sectors are in positive. This shows that market is under Bullish trend and creating new highs.

On the Domestic Front, Government has been investing on Capital Expenditure, in a scale never seen before. CE as % of GDP is now reaching 3.5% from below 2% and

It is predicted to grow further in 2024 given it is the election year.

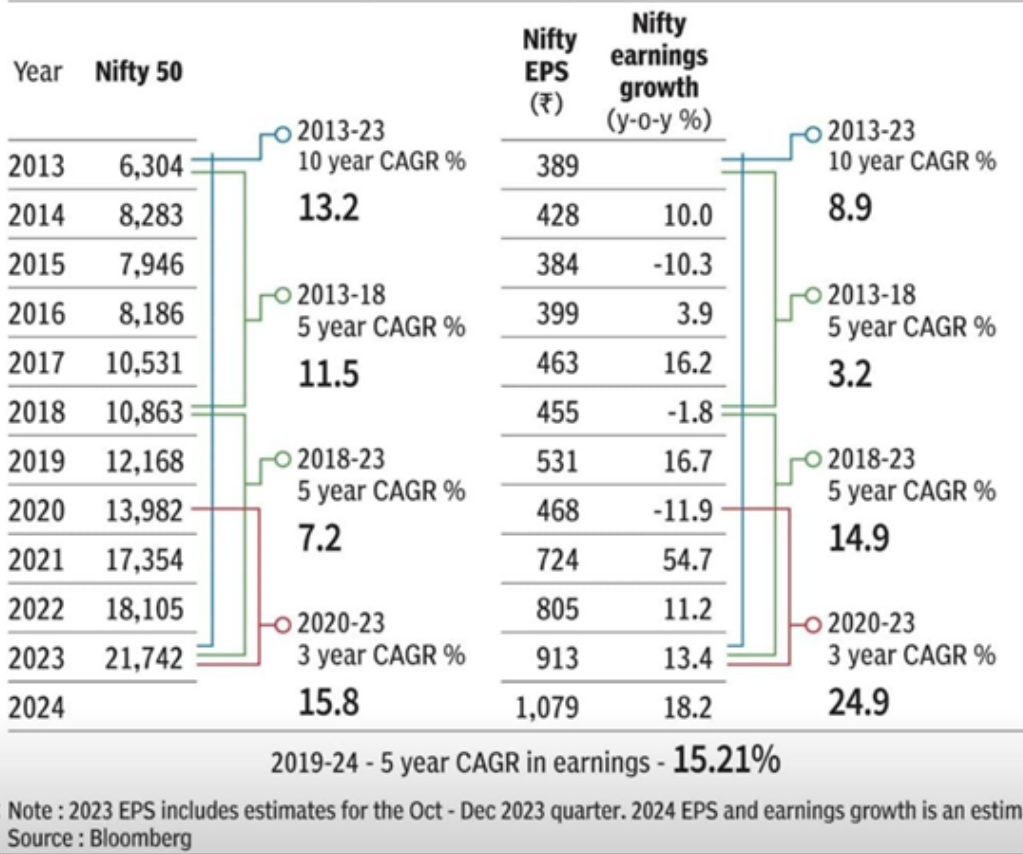
Source: J.P Morgan Guide to the Markets



Sales- YoY	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Comm Services	20%	8%	11%	7%	5%	-1%	-13%	-2%	8%	15%	16%	19%	17%	20%	22%	19%	17%	14%
Consumer Disc (incl. Auto)	27%	14%	14%	11%	4%	3%	12%	6%	-12%	-4%	16%	29%	8%	13%	19%	29%	29%	27%
Ex TaMo	17%	16%	2%	7%	6%	9%	15%	10%	-11%	-4%	21%	33%	18%	24%	29%	33%	24%	20%
Consumer Staples	15%	16%	10%	9%	-2%	7%	5%	11%	5%	10%	15%	16%	17%	19%	17%	16%	10%	6%
Energy	33%	11%	7%	-9%	-20%	7%	20%	35%	0%	-20%	48%	30%	49%	47%	39%	30%	14%	4%
Financials	14%	15%	14%	20%	16%	17%	5%	17%	20%	14%	12%	17%	10%	11%	14%	17%	25%	26%
Health Care	27%	26%	25%	33%	9%	4%	-4%	11%	11%	1%	17%	9%	12%	9%	7%	6%	7%	9%
Industrials	27%	25%	13%	10%	4%	7%	12%	15%	8%	-7%	24%	37%	27%	37%	37%	36%	24%	10%
Information Technology	25%	19%	31%	12%	10%	14%	4%	16%	9%	6%	19%	18%	20%	21%	21%	20%	18%	14%
Materials	19%	5%	11%	2%	-12%	12%	18%	24%	-3%	7%	45%	10%	35%	25%	18%	10%	5%	3%
Utilities	13%	8%	13%	3%	1%	13%	8%	11%	7%	3%	13%	34%	25%	28%	31%	29%	18%	10%

DSP Source: Bloomberg, Investec, DSP; Data as on Dec 2023

Pick-up in earnings driving markets



–all the 3 words are very important for me –**sustainable, profitable and growth !!**

- Company should have pricing power
- Available at reasonable valuation, relative to the market standing;
(However please be very careful while taking an exposure at this market level unless you are sure of the value of the stock you should not invest)

Most of my much-baggers are in the micro-small caps. In a growth market like india with Longterm goal, I believe your return will be 2x higher if your in small cap. The common theme I see in **small-cap companies** that ultimately become sustainable winners is the promoter and management teams .

You can make a judgment by just looking at their credentials, how they talk, how they operate, skin in the game, that you know they should be running a much larger business.

Keeping above in mind be focused on India in following sectors :

- Good Private banks & NBFC specially good MFI
- Good Pharmacy companies
- IT specifically in ER&D space
- Big Real estate companies

While growth and profit are vanity and sanity but cash is reality and hence some cash % ideally above 20% is best to hold now for any crash to capitalize at that moment .

Capital Expenditure on Infrastructure building will increase the multiplier effect and created the environment for a positive private sector capital response.

From an outside in perspective Nifty looks over valued.

If you refer to the side chart, **for the first time you would see the Nifty forward PE is backed by strong earnings and projected earnings.**

For the last 10 years Earning growth was a moderate 8.9% while the nifty 50 growth 13.2% representing 1.48x.

While in the last 3 years Earning growth was a moderate 24.9% while the nifty 50 growth 15.8 representing only 0.63x implying higher forward PE.

I do not know how Indian market will behave in short or mid term but I know for sure Indian market will be in an upward trajectory in the long term.

Hence, as a value investor, my advise will always : Be invested in the market. Because you cannot simply time the market.

- Good management with strong execution skills and skin in the game *(because you 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 “atleast for next 5 years

Happy Investment!!

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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.

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

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- **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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