

FutureCaps

The Dynamic Approach to Investing!



1
UNDERVALUED MARKETS

2
TIRING BULLS

**SPOT
THE
GREENS**

3
CRYPTO MYTHS

4
REAL ESTATE LOTS

HNI NEWSLETTER

January, 2019



LETTER FROM THE ADVISOR

Dear Folks,

It has been 10+ years we are into Stock Market analysis & recommendations. This is the bi-annual publication of our HNI newsletter.

The aim of this HNI Newsletter is to provide Required Protection Insights to the Wealth of Client Investor. Since we are playing in the much aggressive side of the market (smallcap & midcap), we will get higher returns of 500-1000%, at the same time during the down times the crash on portfolio also will be high at 50-80%. So **Strategically**, it is important to be on the market during good times & exit just before the bad times. This Newsletter will help you identify the good & bad times.

Traditionally, Indian Stock Market shows a 5 year of Bull Period and a Bear period of 1-2 years thereafter. Although the number of years vary between decades, we can still calculate the Bull period end Or Bear period start based on the Valuations of the Stocks & Indexes. In this way, one can ride the 5-year Bull Market & Hibernate during the Bear Period by switching from Stock Market to other Potential areas like Real Estate, Gold, Fixed Deposits, Bonds etc. This will protect 50% plus Portfolio Damage as well as Provide another 15-30% returns from the Safe Parking investments.

One year back in the 2018 internal newsletter, we gave **Exit** signal for the smallcap & midcap stocks. Our advisers too cleared the portfolio from there. Since then, after few months the smallcap & midcaps undergone heavy crash thereby causing Lakhs & Crores of Loss to the Investors! But those who have followed us would have saved their core amount of money & confidence.

Futurecaps Predictions were accurate to +/-6 months in the past. Hence, we Value our 5-Year HNI Service **Worth** considering the Wealth Protection it is providing to our dear clients.

As usual, we wanted to keep this Newsletter at the Size of a Letter so more elaborations are not included here.

You can contact us on queries & advanced strategies at futurecapsadvisor@gmail.com

Happy Investing Folks!



UNDERVALUED MARKETS



As of January 2019, following are the **Undervalued** Market Segments in Indian Stock Market.

- **Smallcap Stocks**
- **Midcap Stocks**

Following are the **Rationale** to call them undervalued:

- These stocks undergone 50-80% price crash
- High growth stocks with PE ratio less than 5 is visible
- High growth stocks with PEG ratio less than 0.25 is visible

Investment Style

We recommend Investing in **Installments**. Each stock can be purchased on monthly basis given a period of 3-6 months' time. In this way the price can be averaged if there are temporary corrections. Allocate **40%** of Capital.

Ensure only **Growth** stocks are purchased.

Ensure you keep a **Vision** of 5-year at least.

Warning We anticipate that further price crashes can occur, but given the Growth parameters are intact these prices should bound back for a **Long-Term** vision.

Remember, 500-1000% are the 5 year expected gains on these stocks. So temporary losses of 20-30% should be negligible. In fact, they are opportunities to buy at discounts.

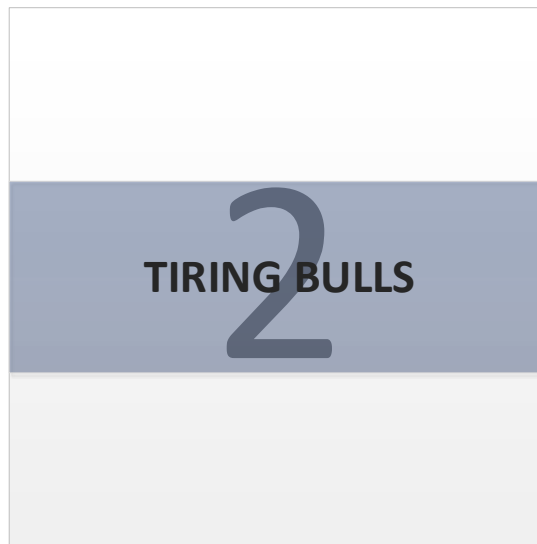
Warren Buffet: When Potatoes are on Discount, Buy more Potatoes!

What our Advisors are Investing?

Futurecaps Advisors who exited during past peak of 2018 are now back to Investing in the smallcap & midcap stocks.

Stocks: The paid stocks along with research reports are provided to our Paid Clients. [Subscribe!](#)

TIRING BULLS



Futurecaps Advisors see the following Markets as **Overvalued** in the sense Tiring Bulls.

- **Largecaps Stocks**

Following are the **Rationale** why we call them Overvalued:

- Stocks are quoting at PE Ratio of 30 above
- Low EPS Growth around 10%
- **NIFTY PE Ratio** clocking above 27 which is near to 2008 Levels

Exit Strategy

We recommend Exiting 70% of Largecap low growth scrips now. Or, More Aggressive Investors can Hold till Next Visible Crash and Clear 100% of the portfolio. Then you can move the money to more growth segments like smallcap & midcaps now. For details clients can contact at futurecapsadvisor@gmail.com.

An Incremental Exit Strategy will be shared with HNI clients so that they can exit the Largecaps at the Peak values.

Recession Risk

Usually the Recession will be striking every 8-9 years. Now this is almost the 11th year we are surviving without recession. However, A new Global Recession **Indicator** is visible recently. This may Reflect in real economy recession in the next 6 months to 1 year of time.

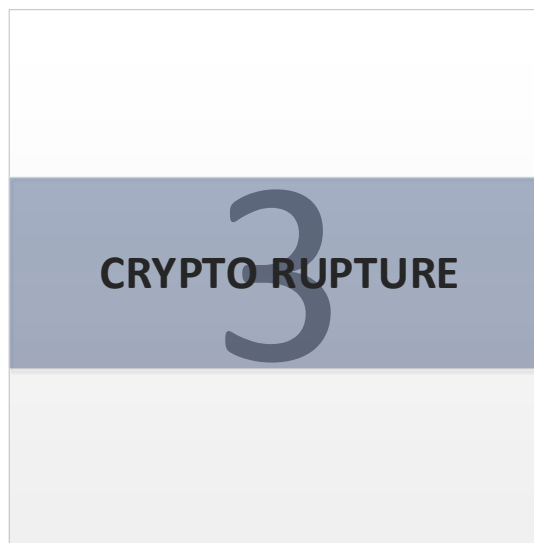
New Recession Indicator is shared with HNI Clients.

Note

Recession Risk on Stock Price will be **more** on Largecap stocks.

Recession Risk on Stock Price will be **low** on Smallcap & Midcap stocks since they already crashed 50-80%.

CRYPTO RUPTURE



Crypto Currency became a finger-burning story for many! The story started when flagship Bitcoin went up from \$1 to \$20000. Then more & more investors & new coin companies entered the arena. This pushed the prices even higher. However, when regulations started coming to the surface the U-Turn happened. Bitcoin itself crashed 80% from the peak! So, what is our Insights into this market? Please read below.

As informed earlier, we see the following **Limitations** with Crypto Currency as an Investment:

- 1. No Underlying Company** There are No underlying company to analyze the growth & products for, no balance sheet, profit and loss, cashflow statements etc. So, it is difficult to Valuate & Predict the Growth of a Crypto Currency from a Value Investor perspective like us.
- 2. Not Comparable with Gold** One may raise an argument that Gold also does not have any underlying operations! But here the Twist is that, Gold is having a Metal to back, Utility in the Economy & Less Price Volatility compared with Bitcoins. Hence it is a Store of Value. One of the primary qualities of a Currency should be **Base Value** – which Bitcoin cannot provide.
- 3. Transactions Not Clear** Crypto Commerce is yet to come to its full utility. Right now, only few websites & stores allow accepting Crypto payments.
- 4. Price Volatility affecting Transactions** Here the problems are two. While the prices were moving up, the bitcoin holders are not ready to sell it, as the price may move up and they will lose profits! Then came the reverse trend of falling price - Now people are scared to accept it for transactions, as the price may move down and they will make losses. So, the Price Volatility busted the Important Factor of a Currency – **Stability!**
- 5. Marketed in the Fame of Blockchain** Crypto Currency is an Implementation of **Blockchain** which has its own Technology advantages like decentralization, increased transparency, security, lower cost etc. Crypto Currency is marketed & trusted due to the Qualities of Blockchain. However, the key point here is Blockchain is a Technology Abstract & Crypto is one of the Million Implementation of it. The Technology may have a steadier growth, but the Instance may have its own flaws.

These Complexities of Crypto Currency made Warren Buffet call them as **Rat Poison Squared!**

The Losers

During the high price growth time, In America there were people who sold their houses and invested. As always, the last round of Bull Run will be led by novice investors who just rely on moving-up price as the basis of their judgement. This was similar to the Tech Boom during 2000s!

At last, During the down trend they lost their house too adding one more grief lesson to their cards.

The Winners

The current winners of bitcoin are the founders & early lucky investors.

The Future

If you ask about us, what would be the Future of Bitcoin or Other Crypto Currencies, our observation is below:

- Mining Limitations will cause Limited Supply of the Crypto Currency. This is the main factor causing the Price Increase.
- Speedy Transactions should be seamlessly provided to convert existing VISA, PayPal, Online Transaction Customers to Crypto. Right now, there are Flaws & causes Transaction delays in the order of hours.
- Crypto Currency has to establish its Utility space in the Economy. Right now, the Utility Market is in Infant space

So, the future of crypto is in its utility growth, which will take N number of years to actualize.

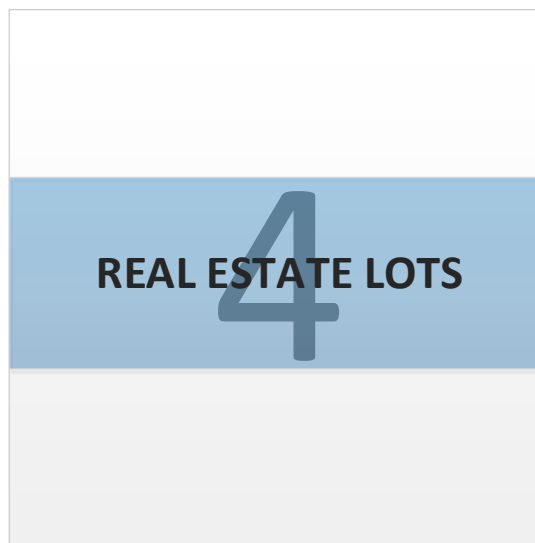
Investment Strategy

However, those who still wanted to Invest in Crypto Currencies, we would recommend following backup strategies:

- Find at least 2 Crypto Currency which is stable in price & have growth potential
- Find your Loss Affordability Value example 10% of Savings
- Equally Invest in the 2 Selected Currencies
- Forget the Investment for next 10 years & Keep reminders to Notify you
- After 10 years If you gain, you will gain 100-1000X – Super Rich!
- After 10 years If you lose, you lose only within your Affordability Limits – No Sorrows!

For any insights on our shortlisted crypto-currencies, the paid subscribers may contact through email.

REAL ESTATE LOTS



Stock Market is one of the vehicles we use for capital appreciation. Since stock market have bust times, we recommend alternative vehicles like Real Estate during this period.

Stock Market is for Wealth Creation.

Real Estate is for both Wealth Creation & Cash Flow Generation.

Real Estate for Wealth Creation

Approved **Lots** in Metro Cities is the Futurecaps recommended vehicle for Wealth Creation through Real Estate. The metro cities with high growth of 15%-25% possible are Bangalore, Pune, Hyderabad & Delhi areas.

The max rate of purchase should be within rs. 2000 per sqft so that you are safe positioned for appreciation. The recommended allocation is 30% of savings. *Trustable investment company names will be provided to HNI clients.*

Profit is always Made in the Buy!

Real Estate for Cash Flow Generation

Rental Yield of Indian Residential Real Estate stands at 3% average. At this point the PE (Price to Earnings Ratio) stands around 40! Any Rental Appreciation will be considered as Inflation Adjustment. Hence at PE Ratio 40 stands as a NO GO for Residential Real Estate for Cash Flow generation.

Futurecaps does not recommend above way for Cash Flow creation. Instead we guide the clients to generate 20-30% Returns on Real Estate through our Unique Strategies, Evaluations & Tools. This is officially shared to our paid clients.

Remember, it is not Wealth, but Cash Flow gives you the Financial Free King Life!

FAQs

Following are the frequently asked questions:

Why we have to use both Stock Market & Real Estate?

Each market has its own cycle of boom-bust-recovery. One who enters at low & exit on the peak will ensure doubling of wealth during the cycles.

Is it mandatory to Exit the Overvalued Stock market segment?

It is your wish. Usually HNI Investors are smart enough to recognize overvalued markets & switch their investments to undervalued ones. Since HNI investments is in the order of Crores, it will make substantial difference for them if a bear market strike.

On the other side, those Greedy members who still hold the stocks during the peak may get Hit with tremendous loss thereby affecting Capital & Confidence.

Futurecaps keeps a principle, whatever undervalued is ours & whatever overvalued are not!

How is the Enormous 20-30% yield possible in Real Estate?

These are trade secrets which we share with HNI Clients during one-on-one consultation with our Certified Investment Advisor. These trade secrets are formed after enormous experience & analyzing of real estate deals.

Why the HNI Subscription price is high?

We don't believe it as high due to the following reasons:

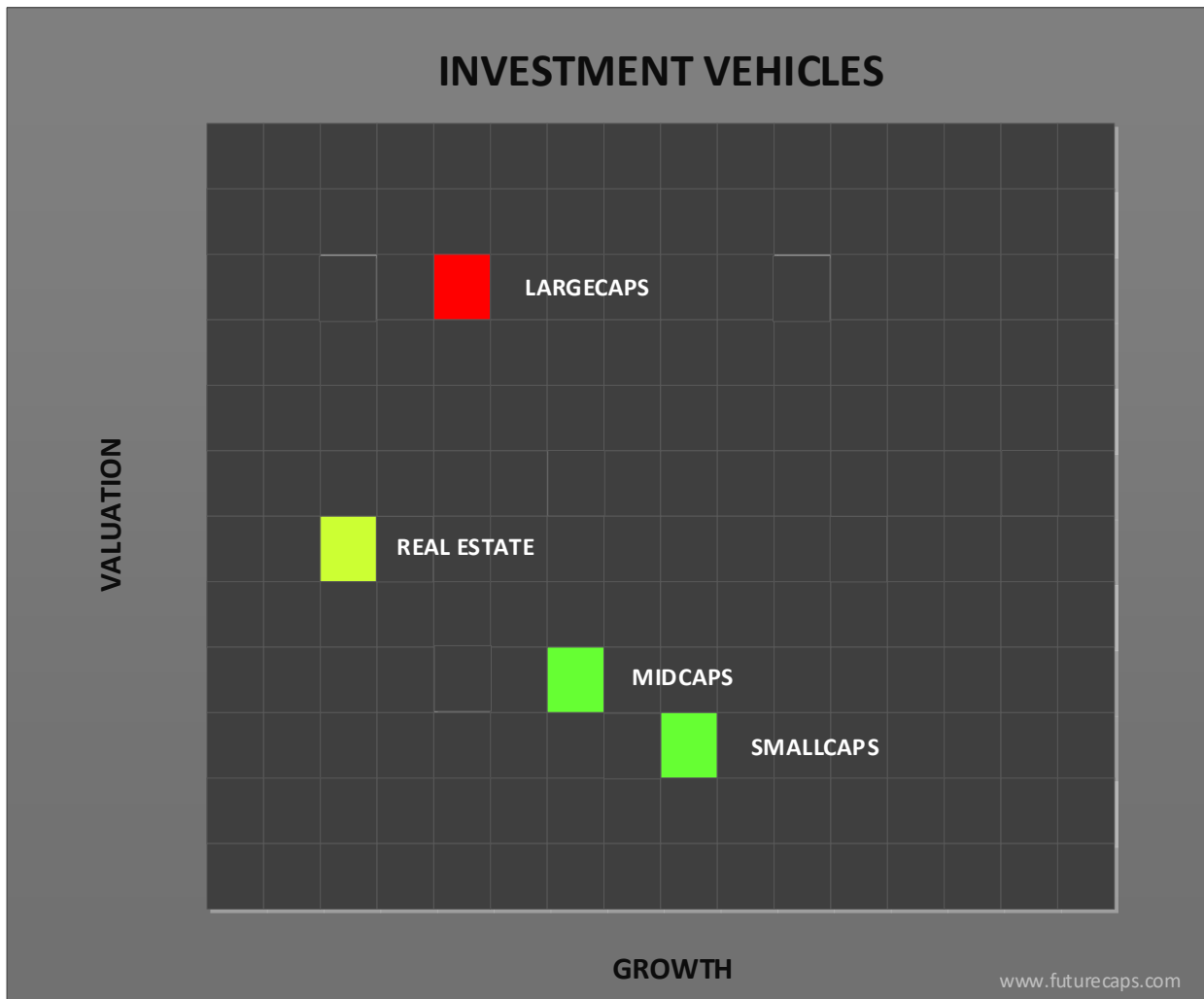
- HNI Plan is a Combo Plan including Paid Stocks, Financial Freedom, HNI Newsletter & Consultation
- HNI Plan helped to exit stocks at peak and saving Millions – So **Paying 1 Lakh to save 1 Million** is a Good Deal
- HNI Plan is for 5 years making the cost average of rs. 20000 per year.
- There are other advisers who take more than this amount without giving the Entry/Exit signals. Thus, the subscribers are hit with enormous capital loss going only with Stock Advisory.

Futurecaps tries to Fill the Gap of Entry/Exit Signals thereby protecting wealth of our core clients, all this at affordable prices. Futurecaps always tries to keep the Value Component High!



Summary

To summarize, following is the various Investment vehicles & their Valuation against Growth.



Following are the preferred Allocation % across each Investment Vehicles.



Thank You!

Thank you all for being part of our Advisory Journey.

You can contact us on this HNI Newsletter at futurecapsadvisor@gmail.com