

Rebirth of India



**The First Step to the Biggest
Investing Opportunity of
Your Lifetime**

Being at the Right Place at the Right Time

The history of mankind might have been very boring if it was not for great men and women seizing the opportunities that changed their lives.

Whether it is Napoleon Bonaparte, Thomas Edison, Jamshedji Tata, Walt Disney, Mother Teresa, Steve Jobs or Sachin Tendulkar, we wouldn't be inspired by any of them.

It's not just about being in the right place at the right time; but knowing what to do when you find yourself there.

Take the case of ex-US President Dwight Eisenhower.

He was not promoted to the rank of Brigadier General, the lowest rank for generals in the US Army, until October 1941.

That was two months before Pearl Harbor and the entry of the United States into the Second World War.

There were several generals who held higher ranks and had more impressive résumés.

However, Dwight Eisenhower had a combination of interpersonal, leadership, and organisational skills. All were needed to deal with the great challenges of the Second World War.



Image source: commons.wikimedia.org/ Fæ

He had to get challenging personalities like Winston Churchill of Britain and Charles de Gaulle of France to work together.

Eisenhower leveraged his skills during the war. He rose to the rank of Supreme Commander of Allied Forces. This eventually became his launch pad for his election as President of the United States.

The Second World War became the opportunity at the right place and right time for Dwight Eisenhower.

But he also knew how to seize the opportunity that could change his life and make the most of it.

One of the world's richest men had a similar fortune.

As a kid, Bill Gates was extremely intelligent. He got a unique opportunity when the mothers at his school raised money to pay for a device that connected to a computer over the phone line.

In the newly developing world of computer technology, Bill's school was one of the only two that had mainframe computers.

Bill was part of a group of math students who were invited to use the system and learn how it worked. He was 13 years old and he was hooked.

Having access to computers at the right place and at the right time became a life changing opportunity for the founder of Microsoft.

But unlike the scores of other students of his class who probably had the same opportunity, Bill seized it with both hands.

The point I am trying to drive home is that intelligence, skill, and hard work are necessary for success.

But it is finding oneself at the right place and at the right time for the biggest opportunities, and knowing what to do when you find yourself there, which makes all the difference.

And there is no reason it should be any different for investing.

Your Chronological Lottery

Bill Gross is probably the most successful investor in bonds, the world has ever seen. He has been called the Bond King for decades. But, he made a startling confession in April 2013.

He said that there is no Bond King.

In fact, referring to legendary value investor Warren Buffett, he said that there is no Stock King either!

According to him, the reason behind the phenomenal success of investing legends, like himself, Buffett and even George Soros, is nothing but their 'chronological lottery'.

Gross believed that just two things played a huge role in his success:

- Investing during the best stretch of bond markets the investment world has ever seen; and
- Managing to avoid the massive blowups that claimed or blunted the careers of many of his contemporaries.

Warren Buffett completely agreed with Gross' views. But he gave it a different name.

He called his luck of being born in the United States and having an investment career during the nation's most prosperous decades an '**ovarian lottery**'.

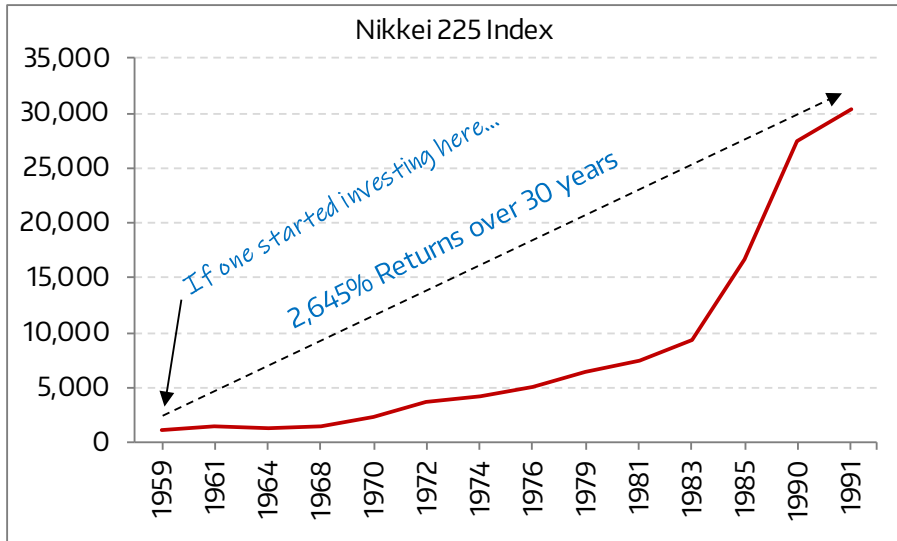
So, no one can take away the genius of investing legends like Gross and Buffett.



But these legends themselves have never shied away from acknowledging the role that being at the right place at the time played in their success. And they both were very early to act on their lotteries.

Now, if you think that ordinary individuals hardly ever gain from such chronological lottery, look at the chart below.

The Japanese Chronological Lottery



Data Source: Yahoo Finance

Most people of our generation have witnessed Japan's lost decades.

And there is little published about the most successful Japanese investors.

But this chart speaks for itself.

Hundreds and thousands of ordinary people, who invested in the Japanese stock markets in 1960s, made a ton of money.

That too not for a few years but for decades.

Companies like Canon, Toshiba, and Sony were among the top 10 recipients of patents from the US Patent and Trademark office in 1960s. As they exported their products globally, their profits exploded.

By early 1989, Japan accounted for 45% of the global market capitalisation, followed by the US at 33%, and the UK at 9%.

The book *Making Money in Japanese Stocks*, published at the peak of the Japanese stock market, in 1989, points out:

- The stock of Sony went up 8.4 times from under 700 yen in early 1966 to 5,850 yen in October 1969.
- Honda Motor went up almost 8.6 times from 130 yen 1971 to 1,120 yen in 1973.
- Fujitsu went up 7.8 times from 101 yen to 795 yen in less than two years.

Even investing in the benchmark index, the Nikkei, would have fetched them upwards of 2,500% over thirty years!

So, the investors who got in at the start of the Japanese bull market created wealth that could last generations.

Being at the right place at the right time allowed ordinary investors to enjoy the fruits of their chronological lottery.

But like every bull market, investors who acted on the opportunity at the earliest, made the most money.

As I said... it's not just about being in the right place at the right time; but knowing what to do when you find yourself there.

Have Indians ever spoken of such a chronological lottery?

Probably they did when the Indian economy was the strongest in the world.

But that was nearly 2,000 years ago when India was the biggest economy in the world!

So, the next time such an opportunity comes along, we must be sure that we don't just identify it but also know exactly what must be done.

The Once in a Lifetime Opportunity is Here...

Being a country ruled by external forces for centuries, the concept of chronological lottery may have never occurred to most Indians.

In fact, most of us consider the years 1947 and 1991 as the periods during which India was reborn.

And consider ourselves extremely lucky to be living through this phase.

Rightly so.

The year 1947 allowed us to be citizens of a free nation after centuries.

1991 brought about the economic freedom that Indian businesses were yearning for.

But neither of these offered the opportunity that was big enough to put India in the reckoning of global leaders.

Nevertheless, opening of the economy in 1991 showed us, for the first time ever, the kind of wealth that Indians could potentially create.

Companies that benefitted from economic liberalisation created massive amounts of wealth for their shareholders over the next 25 years.

The BSE Sensex was around 1,000 in 1991.

The next 10 years saw the index galloping to 6,000.

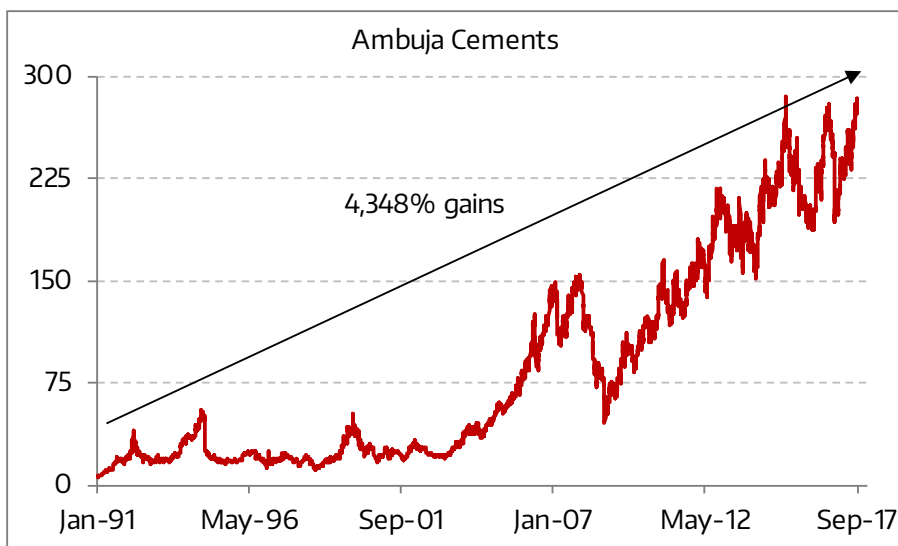
That's 6x in 10 years.

From there on the Sensex took just seven years to triple to 18,000, by 2007.

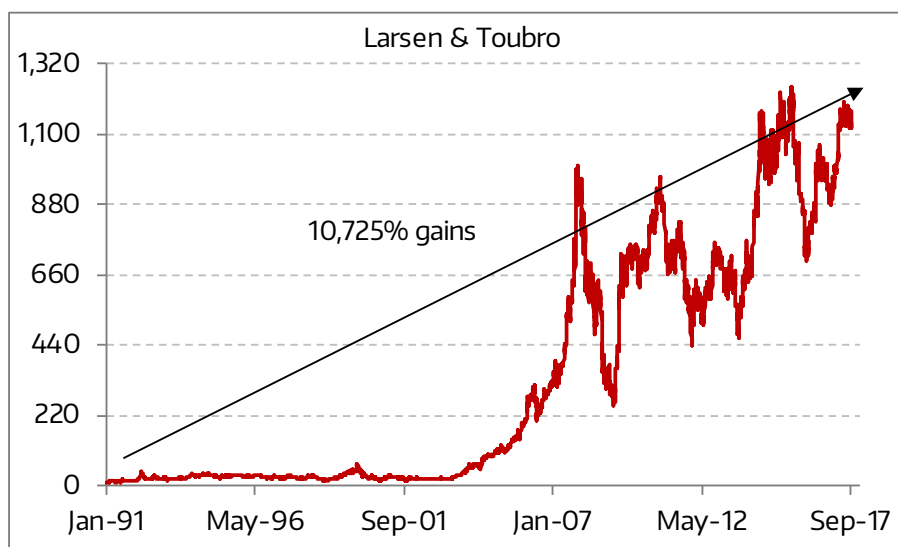
And after 25 years of 1991 reforms, the benchmark index was up nearly 30 times!

If this sounds impressive, individual stocks did much better.

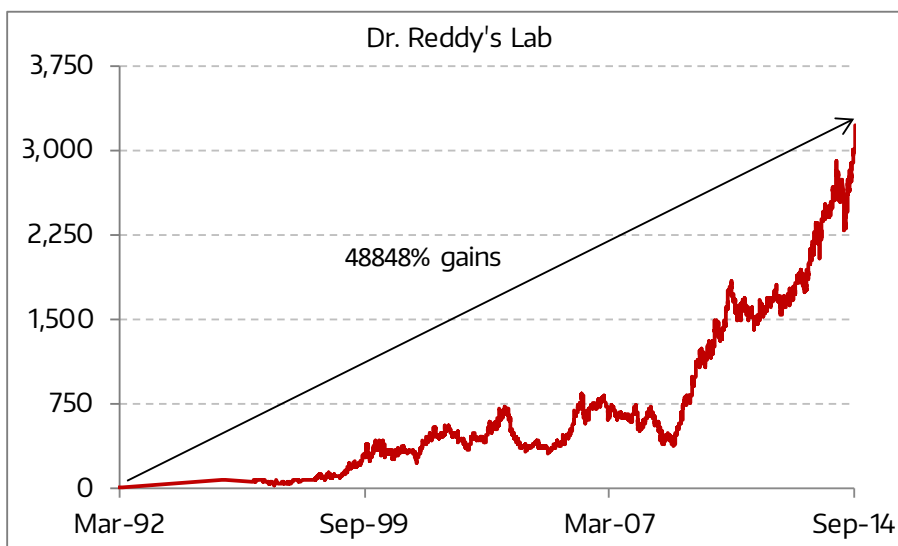
Investing just Rs 100,000 in Ambuja Cements in 1991 would have given Rs 44,48,000 in 2017.



Investing Rs 100,000 in L&T in 1991 would have given Rs 1,08,25,000 in 2017.



And, if a person had invested just Rs 100,000 in Dr. Reddy's Labs in 1992, it would have given him Rs 4,89,48,000 or 4.89 crores in 2014.



And these were not the only ones!

Look at these returns...

Few of the Biggest Gaining Stocks over 25 Years (1991 to 2017)

Company	Times Return
MRF	1,506
Balkrishna Ind.	464
Asian Paints	380
Bliss GVS Pharma	272
Jai Corp	225
Berger Paints	154
Monsanto India	118
M&M	103
Hawkins Cookers	95
ITC	80
NESCO	64

Not Equitymaster recommendations in 1991

Unfortunately, a very tiny proportion of Indians benefitted from it.

Less than 5% of Indians ever participated in the stock market boom over these 25 years.

Most did not recognize the life changing opportunity that came their way, and even those who did, were too fearful to act on it.

However, what if I were to tell you that Indians' claim to chronological lottery is ahead of us and not behind us?

It's Happening Right Now: The Rebirth of India

Economic liberalisation of 1991 freed Indian companies of bureaucratic hassles.

The reforms opened the door to foreign markets.

They brought in a flood of foreign capital and technology.

They literally paved the way for India's software sector. And gave birth to some of the biggest wealth creators like Infosys and Tata Consultancy Services (TCS).

Just one change could create so much wealth.

So, imagine the kind of wealth that could be created if such changes happen in at least five areas simultaneously.

I am talking about changes like...

- **Urbanisation**

Some estimates suggest that 30 Indians move from a rural to an urban area every minute. But urbanization is also about smaller towns and cities getting urban infrastructure, boosting urban consumption trends.

- **Privatisation**

In a landmark decision in 2018, Indian private sector companies have been allowed to participate in defence manufacturing in a big way. This alone is expected to be an opportunity of over US\$ 20 billion. Add to this, several billion dollars of foreign capital and private sector capital are coming into sectors like aviation, mining, banking and energy.

- **Formalisation**

With the introduction of GST, the number of enterprises paying indirect taxes has gone up by 3.4 million, an increase of 50%. The bulk of the new entrants are small enterprises and intermediaries, which entered the formal economy.

- **Financialisation**

Nearly two out of every three bank accounts opened in the world between 2014 and 2017, were opened in India. Four-fifths of Indian adults had bank accounts in 2017, compared with just 53% in 2014.

- **Digitisation**

In 2017, the IMF lauded just two countries for the efforts in digitisation. India is one of them. Aadhaar, which covers over 89% of the population, can be a gamechanger. The use of biometric technology to identify and authenticate individuals can reduce leakages and improve coverage of social programs.

As you see, these are not merely economic jargons. Rather, they are irreversible trends that are already paving a long runway for Indian companies.

Recognising these irreversible trends could ensure that you buy stocks that are poised to make the most of it.

Living through, what I call the Rebirth of India, would eventually entitle millions of Indian investors to their own chronological lottery.

And allow them to take the first step toward the investing opportunity of their lifetime.

Like I showed you how ordinary Japanese investors saw wealth creation in stock markets over a quarter of a century.

But Japan is not the only country to witness such a rebirth.

There have been several such instances in the past 50 years.

I will show you how, in each of these economic rebirths, businesses flourished and created massive wealth for their shareholders.

How You Can Profit from the Rebirth of India

Rebirth of India presents a once-in a lifetime opportunity to create real wealth in stocks, without taking undue risks.

Stocks of companies that ride the irreversible trends in India, will receive a big shot in the arm in coming years.

They could see their earnings multiply not just because of improved efficiency, better products or competitive pricing.

But also because of several economic, regulatory, and demographic changes acting in their favour.

Even if these companies just manage to keep up with the pace of change in India and retain their profitability, their earnings could still grow exponentially.

So, the Sensex may go up 3 times to get to 100,000 in the next decade. But the returns on carefully selected stocks may be much much bigger.

Like I said earlier, it's all about being at the right place, at the right time and seizing the opportunity...

Of course, you could always settle for moderate gains, by betting on the index, for the next few decades.

But why would you do that?

Opportunities like the Rebirth of India may not come along again in your lifetime.

This could probably be your only chance to create massive wealth from stocks that you have always aspired for.

Therefore, knowing exactly which stocks to buy and when is as important as identifying the Rebirth of India as your chronological lottery.

I will show you how to make the most of being in the Indian stock markets at the right time.

Specifically, I will show you...

- What the 'Rebirth of India' is, and why is it happening now?
- How to go about investing during the best times the Indian stock markets will ever see.
- How to avoid the big mistakes that could dent your returns or erode your capital.
- When to book profits in the best stocks during the Rebirth of India.
- How to make sure your stock market wealth lasts forever.

All I need from you is the commitment to seize this great opportunity to the fullest.

Let this be your first step to the biggest investing opportunity of your lifetime.

And stay tuned for an important announcement.

A handwritten signature in black ink, appearing to read 'Tanushree Banerjee'.

Tanushree Banerjee

Editor – The 5 Minute Wrapup

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