

Get Rich Quick Schemes

Dear Friends,

I hope you and your families are well, and that the festive season has begun on a happy note.

This is our first letter with a full quarter behind us, so I will start with the numbers and a complete walk through of the portfolio and strategy. The rest of the letter is about a question I have not been able to put down for months- Why are so many young Indians buying lottery tickets? And what are the implications? I have tried to answer it with data and to follow the money into the stock market.

Performance update

The fund began operations on 2nd July 2026, so this is our first full quarter.

Period	Fund-1	NIFTY 500 TRI (hurdle)	Alpha (pp)
Jul-26 (from 02-Jul)	+1.08%	+1.69%	-0.60
Aug-26	+4.05%	+0.05%	+3.99
Sep-26	-3.60%	-5.85%	+2.25
Q2 FY27 (since inception)	+1.39%	-4.21%	+5.60

NAV per unit for the 02-Jul-26 inception series, unit-weighted across share classes; pre-tax, net of management fees and fund expenses. Performance fees are computed annually and are not reflected. All index figures in this letter are NSE Total Return Indices (price plus dividends), measured from the 01-Jul-26 close, the day before our first allotment. Alpha is the fund's return minus the NIFTY 500 TRI's return, in percentage points.

We ended the quarter 5.6% ahead of the NIFTY 500 TRI, the hurdle for the fund.¹ One quarter is just a data point. Most of our ideas need 12 to 18 months for their inflections to play out², and **our returns will come in lumps rather than in a steady monthly drip.**

Portfolio update

Share prices move for two reasons: earnings change, and the multiple the market is willing to pay for those earnings, changes. Both tend to happen together after a business crosses an **inflection point**, a moment when something in its economics changes for years rather than months. We spend significant time finding those points before the market understands.

Inflections come in a handful of recognisable forms: a cycle turning; supply leaving an industry; demand changing because consumers, end uses or regulation change; turnarounds etc. Finding an inflection is half the job. The other half is not losing money while we wait for it to play out.

¹ Alpha = Fund-1 return minus NIFTY 500 TRI return over the same period, in percentage points. Fund-1: NAV of the 02-Jul-26 inception series from the AIF summary report of 30-Sep-2026; NIFTY 500 TRI from NSE Indices, base 01-Jul-26 close.

² Our own study of Indian market data from 2014 to 2026 finds that a change in a stock's valuation multiple takes 12 to 18 months on average to play out.

We pair each inflection with value. We buy only at an attractive price. Value strategy needs patience because multiples take time to change, our own study of Indian market data from 2014 to 2026 finds that a re-rating takes 12 to 18 months on average. That patience in turn means a long hold. A long hold means, we are tied to a business for a long time, so we have to buy only high-quality businesses.

Each of the three- inflection, price and quality, needs the other two. Few businesses offer all three at the same time, which is why our portfolio is concentrated. When we find them, our capital compounds inside a few good businesses for years, instead of being sold and redeployed every few months.

There is another way to play inflections- pair them with momentum. It has real merit in India. That approach holds each stock for six to nine months and then moves on to the next stock or industry. Because each holding is short, the bar for quality can be lower, and the money is spread across many names because each bet is a probability. Its weakness is that capital never stays long enough to compound, every exit means finding a new idea and paying tax and costs again. Most of its gains now come from thinly traded stocks, where news takes longest to reach the price, so it rewards speed of entry and exit above all.

We believe inflection plus value suits our team and mentality better, and that is where we spend almost all our effort.

Why young India is buying lottery tickets

Every generation has its get-rich-quick scheme. London had the South Sea Company, where Isaac Newton sold at a handsome profit in the spring of 1720, bought back in near the top, and by 1721 had lost the whole gain and a good part of his fortune.³ The human impulse never changes. What changes is the scale, speed and the who. Today's buyers are mostly young. They buy on a phone, and the amounts add up to more than any other scheme in Indian history.⁴

People buy lottery tickets when the opportunities look broken. When work and saving stop looking like a way up, a long shot starts to look rational. Most commentary blames the ticket, the app or the influencers. However, the cause sits further back, in wages, jobs and prices.

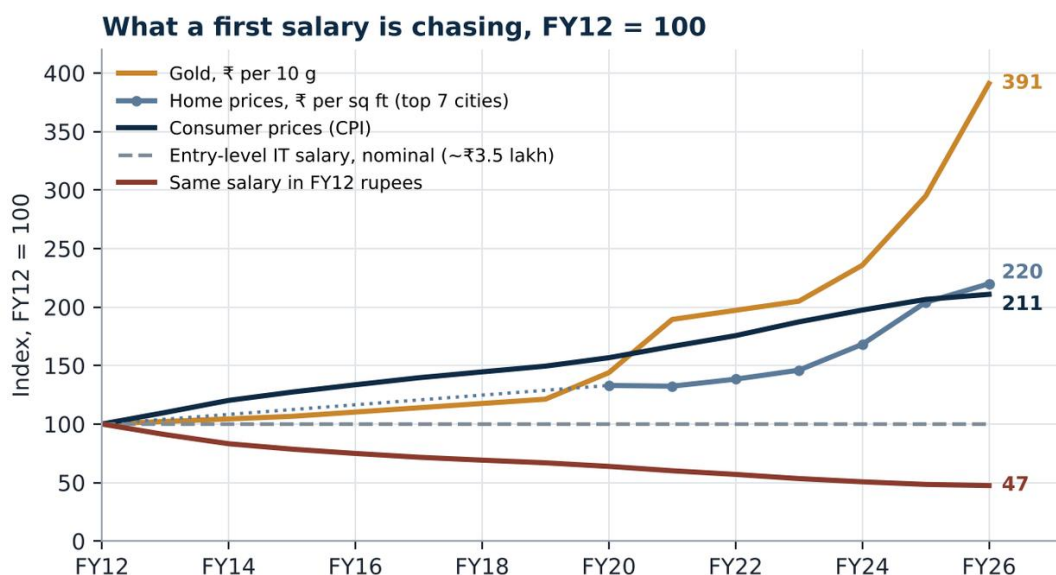
³ A. Odlyzko, "Newton's financial misadventures in the South Sea Bubble", Notes and Records of the Royal Society 73(1), March 2019 (www-users.cse.umn.edu/~odlyzko/doc/mania13c.pdf); University of Oxford, "Newton and the Mint" project (newtonandthemint.history.ox.ac.uk).

⁴ Individual F&O traders alone lost about ₹3.8 lakh crore in FY22–FY26 (see section 3), against ₹49,100 crore collected by PACL, the largest collective-investment scheme SEBI has acted against.

1. The ladder got steeper

Since FY12, consumer prices in India have roughly doubled (2.1x, chaining the annual consumer price index)⁵. Over a similar period the International Labour Organization estimates that the real monthly earnings of regular salaried workers fell by 9.7%, from ₹12,100 in 2012 to ₹10,925 in 2022 at constant prices.⁶

The starting salary shows it most sharply. Entry-level pay at large IT services firms has stayed at about ₹3.5 to 4 lakh a year for over a decade, by the industry's own account.⁷ In FY12 rupees, the same offer letter is worth about half of what it was then.⁸



Source: MoSPI/RBI CPI (FY averages, chained); gold FY averages; Anarock average residential price for the top 7 cities (calendar year, shown in the following FY; dotted segment interpolated between the 2010 and Q1 2020 published values); fresher pay per industry statements. Home prices: ₹4,063/sq ft (2010), ₹5,599 (Q1 2020), ₹9,260 (end-2025); MMR about ₹17,100 (Q2 2025).

Indexed to FY12 = 100. Home prices are Anarock's average for India's seven largest cities.

The things a young person is told to aim for have run away from that salary. Gold is up almost four times. The average home in the seven largest cities has gone from about ₹4,100 per sq ft in 2010 to ₹5,600 in early 2020 and ₹9,260 at the end of 2025, up 65% in six years.⁹ In the Mumbai region it is about ₹17,000.¹⁰ A 600 sq ft one-bedroom flat there costs about ₹1 crore i.e. ~29 years of a ₹3.5 lakh starting salary, before tax and before eating.¹¹ Renting is no escape, a one-

⁵ Suraag calculation: annual average all-India CPI inflation from MoSPI and RBI, chained from FY12 to FY26.

⁶ ILO and Institute for Human Development, India Employment Report 2024, March 2024, as reported by Down To Earth, 29-Mar-2024 (downtoearth.org.in/news/governance/for-a-decade-earnings-of-regular-salaried-self-employed-indians-have-been-declining-ilo-95290).

⁷ T.V. Mohandas Pai, quoted in Business Today, 27-Dec-2022 (business.today.in, "IT CEOs' salary increased 1,500% while freshers' salary up only 50% in last 10 years").

⁸ Suraag calculation: ₹3.5 lakh deflated by the chained CPI index (FY12 = 100, FY26 ≈ 211).

⁹ Anarock average residential prices, top 7 cities: ₹4,063/sq ft (2010) and ₹5,599 (Q1 2020), via Realty n More, 13-Jun-2020 (realtynmore.com); ₹9,260 (end-2025), via IANS, 3-Jan-2026 (ianslive.in).

¹⁰ Anarock, MMR Residential Market Viewpoints, Q2 2025: about ₹17,100/sq ft (websitemedia.anarock.com).

¹¹ Suraag calculation: 600 sq ft × ₹17,000 = ₹1.02 crore; ÷ ₹3.5 lakh = 29 years.

bedroom flat in Mumbai rents for about ₹35,000 a month in the suburbs and ₹55,000 or more nearer the centre, ₹4 to 7 lakh a year, more than the whole starting salary.¹²

Getting that first salary has also become harder. The 2026 State of Working India report finds that nearly 40% of graduates under 25 are unemployed, and fewer than 7% land a permanent salaried job within a year of finishing.¹³

2. The aspiration window got wider

India has about 481 million Instagram users.¹⁴ Indians spent an estimated **880 billion hours** on social media in 2025, 10% more than the year before.¹⁵ A generation ago, the comparison set used to be your street, your relatives and your batch at college. Today it is the top 1% of the internet, curated and delivered to you.

Aspirations are set by the feed. But the income is still set by the job market.

In a well-known experiment at Carnegie Mellon, people who were merely made to feel poorer than their peers bought almost twice as many lottery tickets.¹⁶ A large US study of brokerage accounts found that lower-income investors favour lottery-like stocks and end up earning 2-3% less.¹⁷ Feeling behind is what sells lottery tickets.

The feed also sells the advice, and the credit to act on it. In SEBI's 2025 investor survey, **62% of investors said they had acted on a finfluencer's recommendation.**¹⁸

3. The lottery got easier to buy

Options trading is the purest version. SEBI has now studied individual futures and options (F&O) traders four times since 2023, and the answer has not changed. In every study, between 88% and 93% of them lost money.¹⁹

¹² Numbeo, Mumbai cost of living, accessed 8-Oct-2026: one-bedroom rent about ₹58,600 a month in the city centre and ₹33,800 outside it (numbeo.com/cost-of-living/in/Mumbai). Crowd-sourced data, so read as a range.

¹³ Azim Premji University, State of Working India 2026, as reported by The Wire, 18-Mar-2026 (thewire.in/labour/nearly-40-of-indian-graduates-under-the-age-of-25-are-unemployed-azim-premji-report).

¹⁴ Statista, countries with the most Instagram users, October 2025: India 480.6 million (statista.com/statistics/578364).

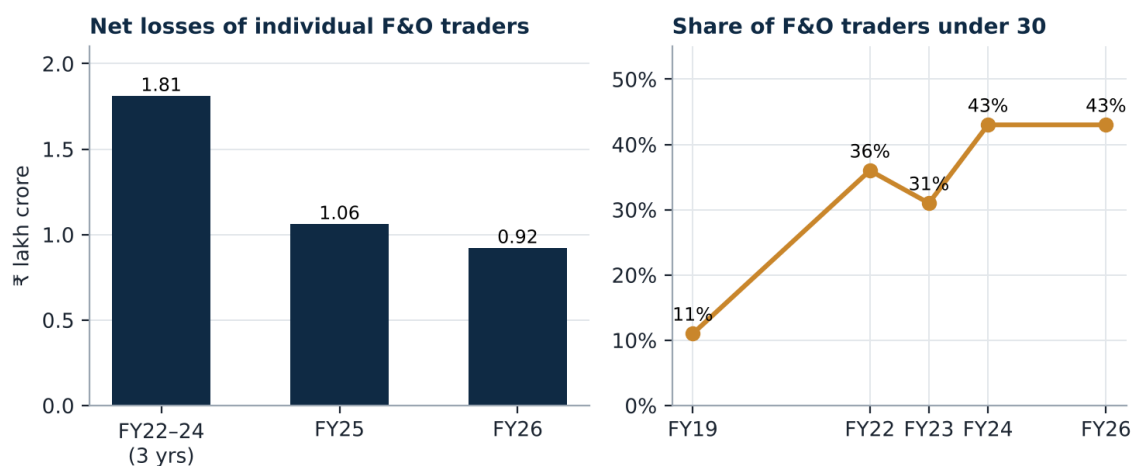
¹⁵ FICCI-EY media and entertainment report, March 2026: 880 billion hours in 2025 against 801 billion in 2024, via Storyboard18, 24-Mar-2026 (storyboard18.com).

¹⁶ E. Haisley, R. Mostafa and G. Loewenstein, "Subjective relative income and lottery ticket purchases", Journal of Behavioral Decision Making 21 (2008): 1.28 tickets against 0.67 (cmu.edu/dietrich/sds/docs/loewenstein/SubRelIncomeLottery.pdf).

¹⁷ A. Kumar, "Who gambles in the stock market?", Journal of Finance 64(4), 2009 (ideas.repec.org/a/bla/jfinan/v64y2009i4p1889-1933.html); University of Texas at Austin release, 26-Feb-2009.

¹⁸ SEBI Investor Survey 2025, as reported by Outlook Money, 26-Jan-2026 (outlookmoney.com/invest/sebi-investor-survey-2025-new-investors-listen-to-friends-feeds-and-finfluencers).

¹⁹ SEBI studies of individual F&O traders: January 2023 (FY22, 89% lost money); September 2024 (FY22–24, 93%; sebi.gov.in press release, 23-Sep-2024); July 2025 (FY25, 91%); August 2026 (FY26, 88%). SEBI, "Analysis of profit and loss of individual traders in equity derivatives, FY26", August 2026 (sebi.gov.in/sebi_data/attachdocs/aug-2026/1787233506209.pdf).



Source: SEBI studies of individual F&O traders (Jan-2023, Sep-2024, Jul-2025, Aug-2026). 88-93% of individual traders lost money in every year studied.

Individual traders lost about **₹3.8 lakh crore** over the five years FY22 to FY26.²⁰ That is more than all the SIP money that came into Indian mutual funds in FY26 (about ₹3.4 lakh crore)²¹. Three-quarters of traders earn under ₹5 lakh a year²², and 35% own no shares at all.²³ They are buying a lottery ticket.

Crypto tells the same story. India has ranked first on Chainalysis's global adoption index three years running²⁴; about 70% of Indian crypto investors are 35 or younger, and the busiest trading hour is 10 to 11 pm.²⁵

Online betting was, until last year, the largest by headcount, the government estimated that 45 crore people were losing about ₹20,000 crore a year when it banned real-money gaming.²⁶

4. Leverage keeps coming back

None of this is new in India. In 1992 and again in 2001, borrowed money chasing a small set of stocks ended in falls of about 40% in the Sensex and two to four years to recover.²⁷ In 2019, Karvy pledged the shares of about 95,000 clients, worth over ₹2,300 crore, without their

²⁰ Suraag sum of SEBI study figures: over ₹1.8 lakh crore (FY22–24), ₹1.06 lakh crore (FY25, as first published) and ₹91,685 crore (FY26).

²¹ AMFI Annual Report FY26, via Cafemutual, 6-Jul-2026 (cafemutual.com).

²² SEBI study, September 2024: "over 75%" of individual F&O traders declared annual income below ₹5 lakh (sebi.gov.in/sebi_data/attachdocs/sep-2024/1727086965496.pdf).

²³ About 43 lakh of 122.6 lakh traders held no shares at the end of FY26. SEBI, "Analysis of profit and loss of individual traders in equity derivatives, FY26", August 2026 (sebi.gov.in/sebi_data/attachdocs/aug-2026/1787233506209.pdf).

²⁴ Chainalysis Global Crypto Adoption Index 2023, 2024 and 2025; see The Block, 4-Sep-2025 (theblock.co/post/369420).

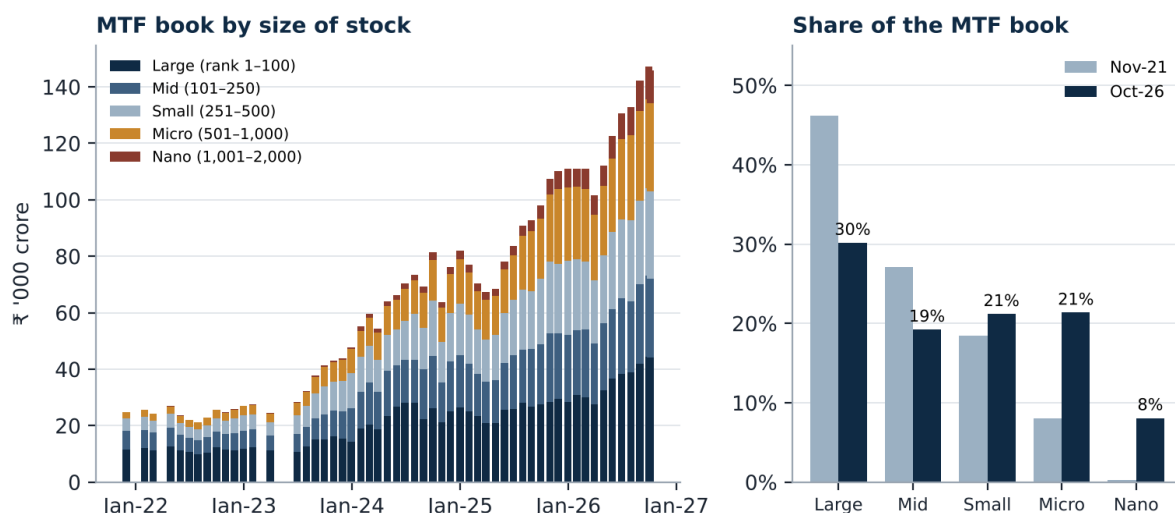
²⁵ CoinSwitch annual investor report 2025: 70.3% of investors aged 35 or younger, via Business Standard, 16-Dec-2025 (business-standard.com).

²⁶ Government estimate cited at the passage of the Online Gaming Bill, via IANS, 24-Aug-2025 (morungexpress.com/45-crore-indians-lost-rs-20000-crore-yearly-to-money-games).

²⁷ Sensex 4,467 to about 2,529 in 1992–93 (–43%); about 4,200 to 2,594 in 2001 (–38%). Business Standard, 7-Apr-2025; Free Press Journal on recovery periods.

consent, to borrow for itself.²⁸ SEBI's 2020 rules closed that door, client shares can no longer be moved into a broker's own account.²⁹

The leverage did not go away. It came back through a regulated door, the **margin trading facility (MTF)**, under which a broker lends you up to four or five times your money to buy shares, at roughly 10% to 18% a year.³⁰ We built the full picture from NSE's daily scrip-wise disclosures.³¹



Source: NSE daily Margin Trading disclosure (scrip-wise amount financed by all members), month-ends Nov-2021 to 05-Oct-2026; size groups by point-in-time NSE market-cap rank (NSE market-cap lists to Jan-2024, daily NSE market-cap file after). Unmapped scrips (mostly ETFs and renamed symbols) excluded, 2-6% of the book.

The industry MTF book was ₹25,500 crore in November 2021. It was ₹68,000 crore in March 2025 and ₹1,49,838 crore on 5 October 2026, more than **doubling in 18 months**.³²

More striking is where it went. Five years ago, 46% of margin money was in the 100 largest companies and 8% in companies ranked 501 to 1,000.

Today the largest companies hold 30%, the 501 to 1,000 group holds 21%, and companies ranked below 1,000, worth roughly ₹600 to 3,900 crore each, hold 8%, up from almost nothing. **Margin money in the 501 to 1,000 group has grown 16 times.**³³

²⁸ PTI, via Business Standard, 3-Dec-2019 (business-standard.com, "Karvy case: SAT suspends further transfer of clients' securities").

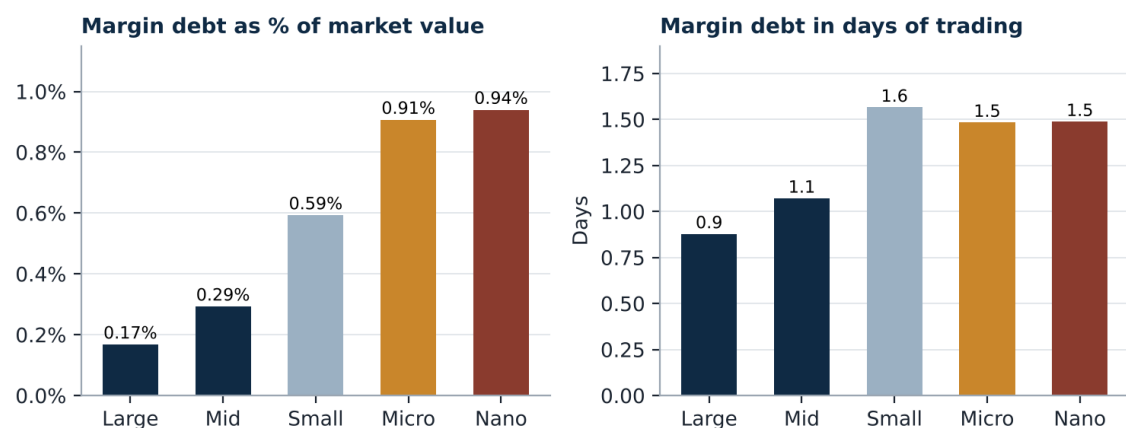
²⁹ SEBI circular of 25-Feb-2020 on margin pledge; the new pledge system went live on 1-Sep-2020 (Business Standard, 25-Feb-2020; IndiaCorpLaw, 14-Sep-2020).

³⁰ Business Standard, 16-Sep-2025: MTF interest of 9.5-18% a year, with leverage of up to 4x on large caps and 5x on others.

³¹ NSE daily Margin Trading disclosure (amount financed by all members, stock by stock), month-ends from November 2021, matched to each stock's NSE market-cap rank on that date. Ranks come from NSE's published market-cap lists until January 2024 and NSE's daily market-cap file after that. Size groups by rank: 1-100, 101-250, 251-500, 501-1,000 and 1,001-2,000.

³² NSE Margin Trading disclosure: ₹25,533 crore (30-Nov-2021), ₹68,070 crore (28-Mar-2025) and ₹1,49,838 crore (05-Oct-2026). The March 2025 figure matches Business Standard, 2-Jul-2025.

³³ Shares of the margin book matched to ranked stocks: Nov-2021 Large 46.2%, Micro (501-1,000) 8.0%, Nano (1,001-2,000) 0.3%; Oct-2026 Large 30.2%, Micro 21.4%, Nano 8.1%. Micro book ₹1,979 crore to ₹31,165 crore. Unmatched scrips (mostly ETFs) are 2-6% of the book.



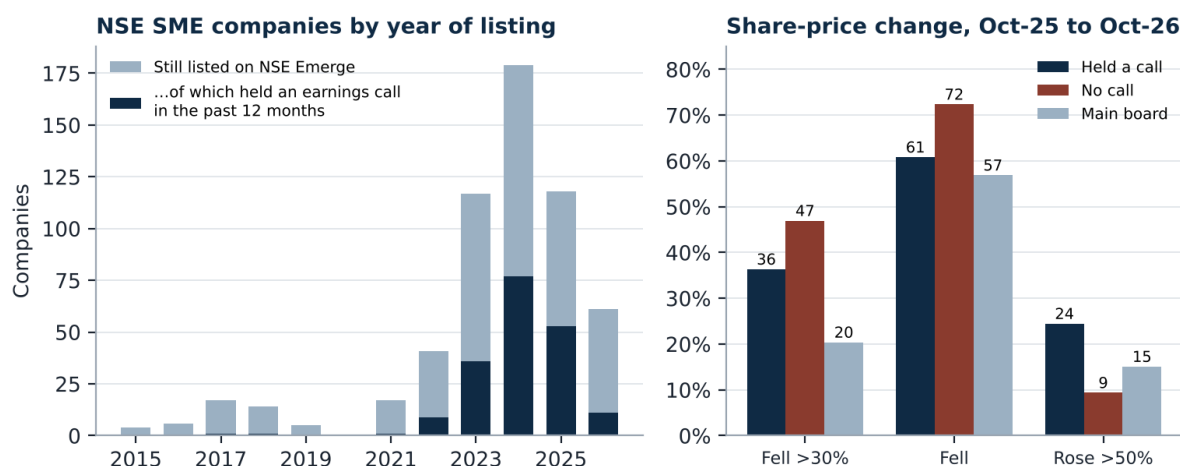
Source: NSE Margin Trading disclosure and NSE market-cap file, 05-Oct-2026; daily trading = average NSE cash turnover on six sample days, 14-Aug to 05-Oct-2026. Size groups by NSE market-cap rank as above.

Measured against the size of each group, borrowed money is **five times heavier in smaller companies** (0.9% of market value against 0.17% in the largest), and **equal to about one and a half days of all trading in them.**³⁴

When prices fall, lenders call for margin, borrowers sell, and prices fall further. In a large company that selling is lost in the crowd. In a small one, it can be most of the day's trade.

5. Lottery tickets with a ticker

SME listings. There are now 579 companies on NSE's SME platform, and 82% of them listed in 2023 or later.³⁵ Only **189 (one in three) held an earnings call in the past year**³⁶; most of the rest have never held one.



Source: NSE Emerge list (Oct-2026) and NSE bhavcopy closes 30-Sep-2025 and 05-Oct-2026 (stocks that traded on both days: 143 with calls, 181 without); main board = ~2,200 listed stocks on our platform, 30-Sep-2025 to 01-Oct-2026. Earnings calls as captured on our research platform. Companies that migrated to the main board during the year are not included.

³⁴ Suraag calculation, 05-Oct-2026: margin book ÷ the group's total NSE market value (Large 0.17%, Micro 0.91%, Nano 0.94%) and ÷ average daily NSE cash turnover on six sample days between 14-Aug and 05-Oct-2026.

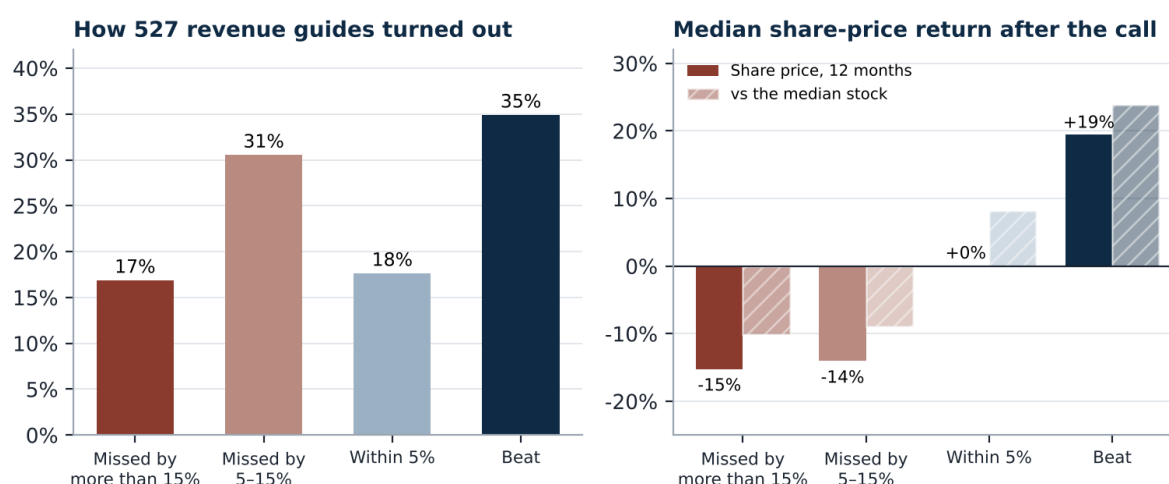
³⁵ NSE Emerge company list as on 7-Oct-2026 (579 companies); listing dates from the same file.

³⁶ Earnings calls captured on our research platform between 1-Oct-2025 and 6-Oct-2026; 226 of the 579 companies have ever held one.

The past year has been hard on this market. From 30 September 2025 to 5 October 2026, the median SME share fell 22%, against 6% for the median main-board stock, and 42% of SME shares fell by more than 30%.³⁷

The difference between companies that talk to their shareholders and those that do not is large. Among SMEs that held a call, 36% fell by more than 30% and 24% rose by more than half; among those that did not, 47% fell by more than 30% and only 9% rose by half.³⁸

Guidance is the quieter version of this. A guidance costs nothing to give and is priced by the market on the day, but the delivery comes a year later. We checked 4,484 earnings calls from 1,395 companies, every call from April to September 2024 and April to September 2025.³⁹



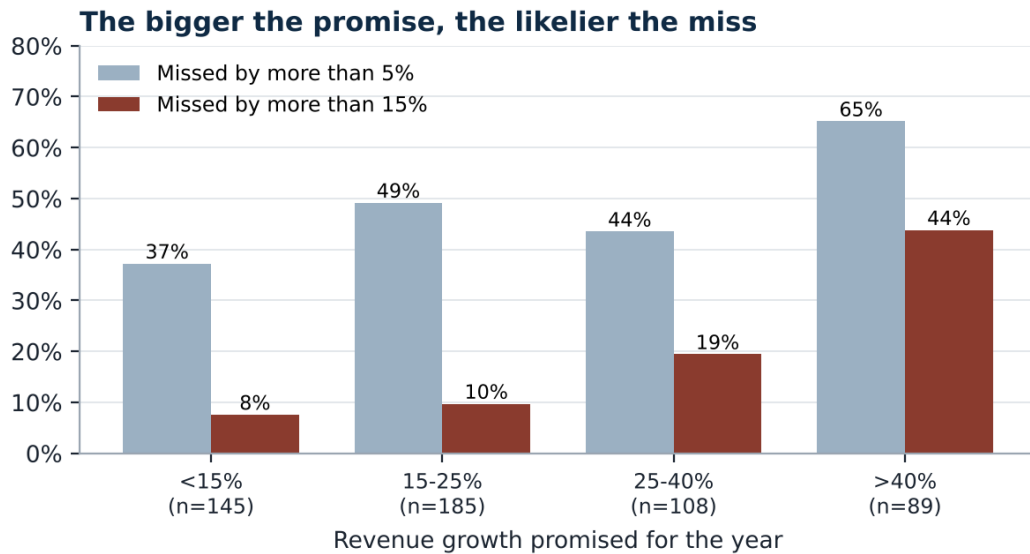
Source: Suraag research: 4,484 earnings calls of 2,434 companies (Apr-Sep 2024 for FY25 guides; Apr-Sep 2025 for FY26 guides), searched for a numeric full-year revenue guide; actual revenue from reported consolidated net sales. Returns: first close after the call to 365 days later, excluding dividends; "median stock" = median of ~2,500 listed stocks over the same dates.

Only about half were met. 35% beat, 18% came within 5%, and **47% missed by more than 5%.** The median company guided for 22% growth and delivered 17%. The split was almost identical in both years, so this is a habit, not a bad year.

³⁷ NSE bhavcopy closes on 30-Sep-2025 and 05-Oct-2026 for the 324 SME stocks that traded on both days. Main board: about 2,200 listed stocks on our research platform, 30-Sep-2025 to 01-Oct-2026. Companies that moved to the main board during the year are not included.

³⁸ 143 SME companies with a call and 181 without. Part of the gap is size: the median company holding calls is worth about ₹235 crore, against about ₹93 crore for the rest.

³⁹ Suraag research. A guide counts only if it gave a number for the coming year's total revenue (absolute or growth); multi-year targets, segment numbers and qualitative words were excluded, as were banks and other lenders. Each guide was read in the call itself and compared with reported consolidated net sales for FY25 or FY26.



Source: Same study. Guided growth = the revenue guide against the previous year's reported revenue.

The bigger the promise, the likelier the miss. Companies that promised less than 15% growth missed by more than 15% only 8% of the time. Companies that promised more than 40% missed that badly 44% of the time. **A promise of 40% growth is a promise that very few businesses keep, and the market tends to price it as a likely one.**

6. The good habit

The most important change in Indian household finance in my lifetime is the move from fixed deposits into the stock market, through SIPs.

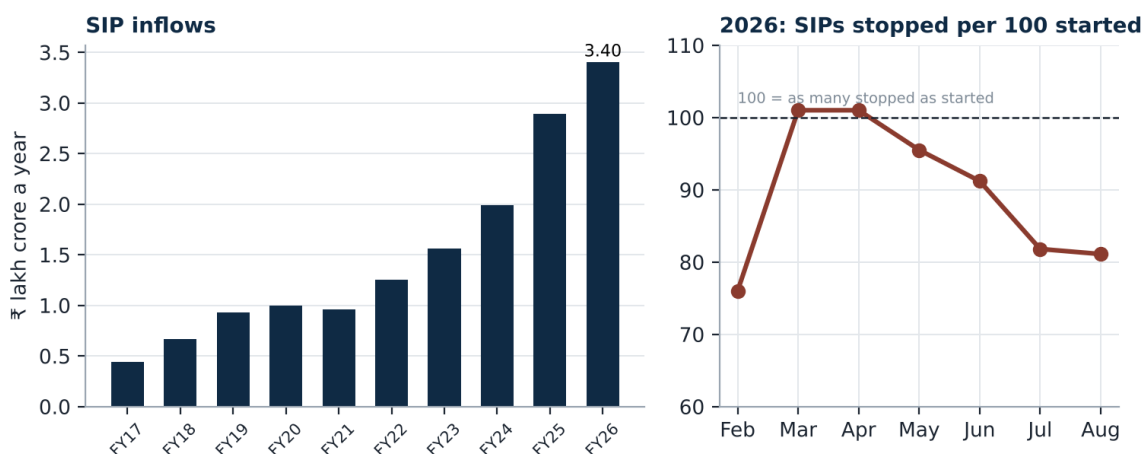
SIP inflows have risen from ₹43,921 crore in FY17 to about ₹3.4 lakh crore in FY26, **nearly eight times in nine years.**⁴⁰ In August 2026 they hit a record ₹32,297 crore in a single month.⁴¹ For every ₹100 households put into bank deposits, they put ₹21 into mutual funds and shares in FY24 and **₹45 in FY25.**⁴² This is rational, a one-year deposit pays about 6.25%, which after tax at the top slab is about 4.3%, below the 4.8% consumer inflation of August 2026.⁴³

⁴⁰ AMFI: ₹43,921 crore in FY17 (Cafemutual, 16-Apr-2018); about ₹3.4 lakh crore in FY26 (AMFI Annual Report FY26, via Cafemutual, 6-Jul-2026).

⁴¹ AMFI monthly data for August 2026, via Cafemutual, 11-Sep-2026.

⁴² Business Standard analysis of RBI household savings data, 27-Nov-2025: ₹21.2 (FY24) and ₹45.2 (FY25) per ₹100 of bank deposits.

⁴³ SBI one-year deposit rate of 6.25% (July 2026); tax at 30% plus 4% cess = 31.2%; MoSPI, CPI for August 2026 (provisional): 4.82%.

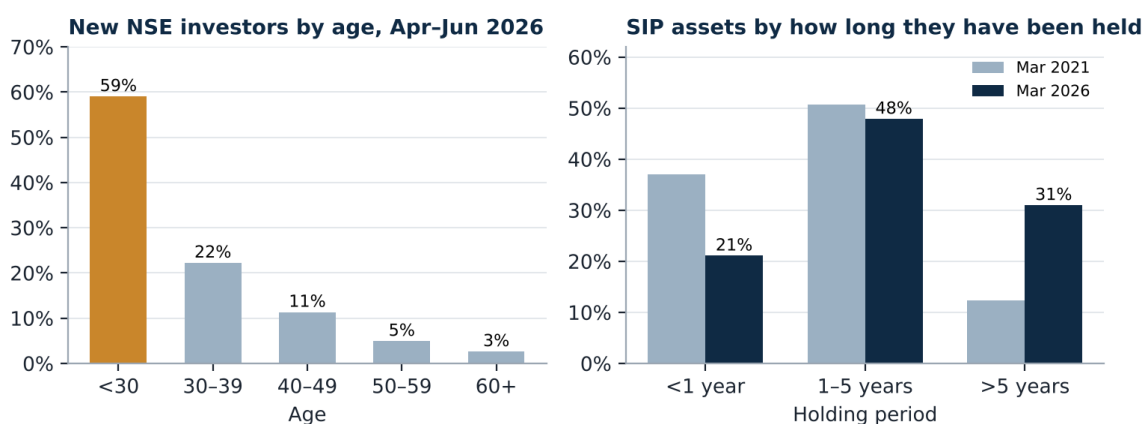


Source: AMFI (FY26 per AMFI Annual Report FY26); stoppage ratio = SIPs stopped or matured ÷ new SIPs registered

In March 2026, when the NIFTY 50 fell 11%, and again in April, more SIPs were stopped or matured than were started.⁴⁴

So, who is the SIP investor?

Mostly young, small and new, and increasingly patient. **59% of new investors in April to June 2026 were under 30⁴⁵**, and **31% of SIP assets have now been held for more than five years**, up from 12% in 2021.⁴⁶ The SIPs that stopped in the correction were the smallest, accounts of ₹1,000 a month or less fell by 14 lakh in FY26, while every larger ticket size grew.⁴⁷



Source: NSE Market Pulse (Aug-2026); AMFI-CRISIL Factbook 2026. Age data cover all new NSE investors, not only SIP investors.

The SIP has quietly changed who owns India. In March 2025 domestic institutions overtook foreign investors in their share of the Indian market for the first time since Prime Database began tracking in 2009. By June 2026 foreign investors held 15.9%, a 14-year low, and domestic institutions 19.2%.⁴⁸

⁴⁴ NIFTY 50 fell 11.3% in March 2026 (FundsIndia, 7-Apr-2026). AMFI data: 53.4 lakh SIPs stopped or matured against 52.8 lakh new in March, and 51.3 lakh against 50.7 lakh in April (Cafemutual, 13-May-2026).

⁴⁵ NSE Market Pulse, August 2026, via The Tribune, 7-Aug-2026.

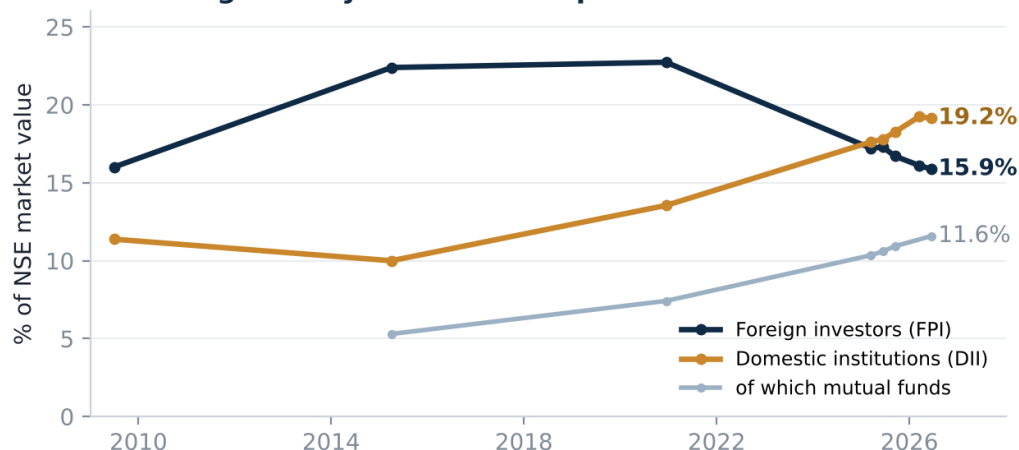
⁴⁶ AMFI-CRISIL Factbook 2026 (amfiindia.com).

⁴⁷ Business Standard, August 2026, via Free Press Journal, 20-Aug-2026.

⁴⁸ Prime Database, via Business Standard, 2-May-2025 (March 2025: DIIs 17.62%, FPIs 17.22%) and Asianet, 4-Aug-2026 (June 2026: FPIs 15.88%, DIIs 19.15%).

The household SIP is now the floor under the Indian market.

The marginal buyer of Indian equities is now a household SIP

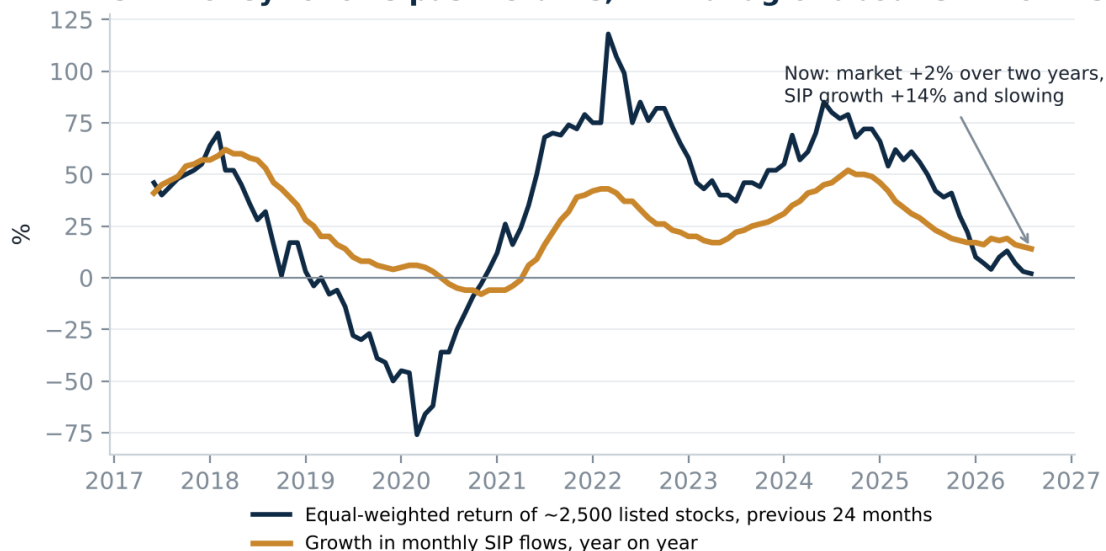


Source: Prime Database quarterly shareholding; NSE ownership tracker; 2015 points approximate

That floor has one weak spot, though.

The monthly instalment is price-blind. **Growth in SIP flows follows the returns of the past two years** (correlation +0.67, rising to +0.78 against the past year's return once you allow a six-month lag)⁴⁹. Households look back, take about six months to act, and then raise their instalments.

SIP money follows past returns, with a lag of about six months



Source: Suraag research using AMFI SIP data and equal-weight market returns (Vyapti); correlation +0.67, +0.78 with a six-month lag on 12-month returns

Equal-weighted, the market's return over the past two years is now about 2%.⁵⁰ If the lag holds, SIP growth will keep slowing into 2027.

⁴⁹ Suraag analysis of AMFI monthly SIP inflows against the equal-weighted return of the roughly 2,500 listed stocks tracked on our research platform.

⁵⁰ Equal-weighted average return of the roughly 2,500 listed stocks on our research platform over the 24 months to 30-Sep-2026.

7. Why I still continue to be hopeful

None of this is a reason for gloom. The same data hold some of the most hopeful numbers I have seen in years.

- **India has become a nation of owners.** Registered investors on the NSE reached 13.25 crore in June 2026⁵¹, and unique mutual fund investors rose from 2.3 crore in 2021 to 6.1 crore in 2026.⁵²
- **The worst habits are cooling.** New F&O entrants fell by about 40% in FY26.⁵³ In SME listings, average retail applications per issue fell from 1.70 lakh to about 44,500 and average listing gains from 46% to 11%, while the average issue size rose.⁵⁴ Fewer, larger and, one hopes, better.
- **The regulators are ahead of the last cycle.** Client shares can no longer be misused as in 2019, SEBI is tightening MTF rules before the eventual crisis and the RBI has already reined in bank lending to brokers.⁵⁵
- **Work is slowly getting better.** In 2025, regular salaried jobs rose from 22.4% to 23.6% of employment⁵⁶ and youth unemployment eased. In formal payrolls, about six in ten new members are aged 18 to 25.⁵⁷

What are the implications?

We are not in the prediction business, and nothing above changes what we do. It sharpens few things.

1. **Diligence with paranoia and be prepared for turbulence.** Validate business on ground. Aim to know it well enough to deserve a seat on its board. That depth is what lets us hold steady when the price does not.
2. **Don't try to catch a falling knife.** Avoid starting a position while the stock is in a falling trend. But once we own a business, short-term fall is not a reason to sell, and the work done upfront lets us sleep through it.
3. **Discount the promise.** A management guide is a hypothesis to test, never a reason to buy. When a company makes a bold promise, treat it as a risk.
4. **Know who else owns the stock.** Margin money and momentum investors/traders are now concentrated in exactly the size of company we invest in. We keep liquid funds we can buy when borrowed and momentum money is forced to sell.

⁵¹ NSE, via Outlook Money, 24-Jul-2026.

⁵² AMFI-CRISIL Factbook 2026: unique investors, March 2021 and March 2026.

⁵³ New individual traders fell from 34.3 lakh in FY25 to 20.8 lakh in FY26. SEBI, "Analysis of profit and loss of individual traders in equity derivatives, FY26", August 2026 (sebi.gov.in/sebi_data/attachdocs/aug-2026/1787233506209.pdf).

⁵⁴ Prime Database press release PR-395, 31-Mar-2026, comparing FY25 and FY26 SME IPOs (primedatabasegroup.com/newsroom/PR-395.pdf).

⁵⁵ RBI directions on bank exposure to capital-market intermediaries, February 2026, effective 1-Jul-2026 (rbi.org.in); SEBI consultation paper on the margin trading facility framework, 18-Jun-2026 (sebi.gov.in).

⁵⁶ MoSPI, Periodic Labour Force Survey annual report 2025, 27-Mar-2026. The survey design changed in January 2025, so the comparison is indicative.

⁵⁷ EPFO payroll data: 61% of new members aged 18–25 in July 2025 and about 59% in FY25 (EPFO press release, 23-Sep-2025).

5. **Buy opposite of a lottery ticket.** A lottery ticket is expensive, has poor odds and pays only if something happens soon. We want the reverse. A high-quality business, at a price that leaves room for error(s).

Closing thoughts

Everyone responds to incentives, and investors are no exception. Most of the tension in markets comes down to one question, how long do you intend to hold (duration)? A trader and an owner can look at the same stock and both be right, on different clocks. Our job is to stay true to ourselves, whatever the market's mood.

Our strategy is **Get rich slowly but surely**, and it needs the one thing a feed or a tweet cannot sell, patience.

Beyond all of this, our work continues quietly. We remain deeply focused on businesses and long-term learning. I feel fortunate to spend my days pursuing this craft and to get a little better at it each day. Thank you, as always, for your trust.

बस लगे हुए हैं। (We're steadily at work)

Best Regards,

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