

An ode to an investing genius

RICH LEGACY. With the lever of long-term investing placed on the fulcrum of sound and logical investment principles, Buffett moved the world for shareholders of Berkshire Hathaway

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bl. research bureau

Give me a lever long enough and a fulcrum on which to place it, and I shall move the world – Archimedes

No investor exemplified in practice the above quote as did Warren E Buffett, an investing genius like no one else, with a 60-year track record that may be hard to beat for ever like Don Bradman's test average.

Even if there is someone around today in the investing world who can beat this, we may have to wait for another 40-60 years to be sure they can be as consistent as Buffett over a 60-year period.

The last few pages of his recent shareholder letter gives a comparison of the annual performance (total returns) of the shares of Berkshire Hathaway and S&P 500 for the years 1965-2024.

The CAGR of Berkshire shares at a stunning 19.9 per cent is nearly double that of the S&P 500 at 10.4 per cent. To understand what this kind of performance means over a near 60-year period — if you had invested \$100 in the S&P 500 at the start of 1965 and slept over it, you would have had \$39,054 by 2024-end; however, if you had, instead, trusted Buffett's exceptionalism and invested the same \$100 in Berkshire Hathaway (when it converted from a partnership to a public listed company in 1965), you would have had \$5.5 million or around 140 times more!

With the lever of long-term investing placed on the fulcrum of sound and logical investment principles, Buffett moved the world for shareholders of Berkshire Hathaway. No wonder (although it had to come some time) the investing world was disappointed when he announced last weekend that he will be passing on the mantle of CEO of Berkshire Hathaway to Greg Abel. An exceptional 60-year tenure at the helm, it comes with lessons and logic for eternity.

IT NEVER RAINED ON BUFFETT
F1 fans would be familiar with the



Whether it is Warren Buffett's annual partnership letters written in the 1960s (when he was in his 30s) or his subsequent annual letters to Berkshire shareholders, they reflect a high degree of common sense and conviction

quote 'When it rained, it never rained on Senna.' This was a remark on both — the racing legend's ability to outclass peers especially when racing under rainy weather as well as not being outdone by challenges and adversities.

One can say the same about Buffett also. There have been eight recessions during his reign as CEO of Berkshire Hathaway, and none of those came anywhere close to threatening his business or raise a question mark on his skills. In fact, each of them was a great opportunity for him.

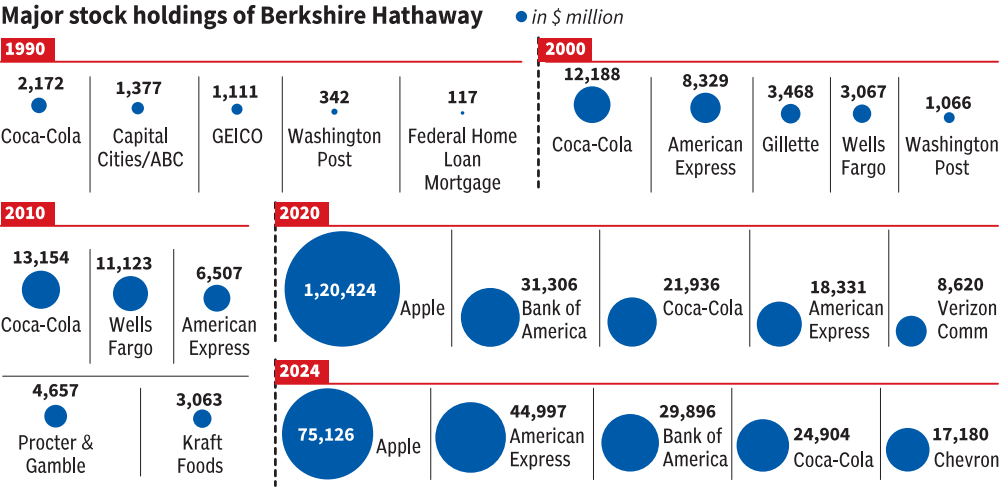
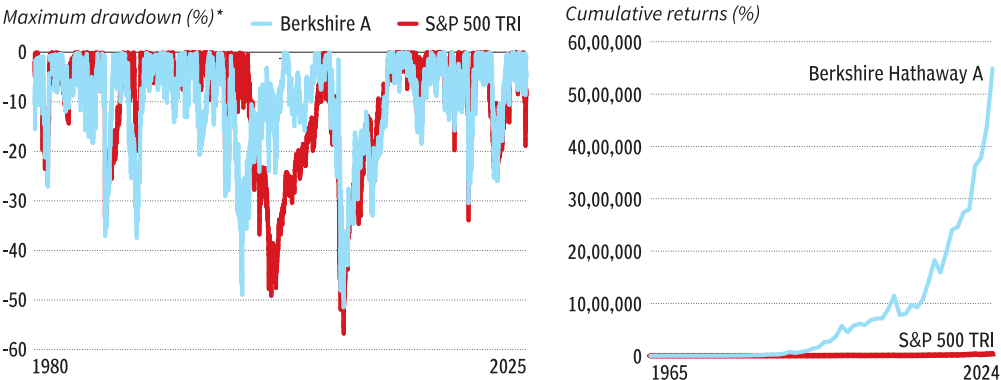
Not that Berkshire shares were not impacted during recessions (as can be seen in the drawdown chart), but the business of Berkshire was not even remotely impacted.

While it rained heavy on the broad economy and many other companies during such recessions, for Buffett those were excellent opportunities to get ahead of others. As he said in the recent shareholder meeting as well, "We made a great deal of money because we are willing to act faster than anyone else."

This has been made possible by many factors, few amongst those being always holding on to a comfortable cash position, never venturing into businesses he does not understand (however exciting and great they may be) and also having a clear framework for investing.

For example, Buffett once explained how quick decisions to buy or sell are made after years of thinking about the parameters

Berkshire Hathaway stock not immune to drawdowns but delivered remarkable returns under Buffett's tenure



Source: Annual reports and Bloomberg *Maximum drawdown is the biggest drop from a portfolio's highest value to its lowest before it recovers
Compiled by **Dhuraivel Gunasekaran**

and building a framework of when to buy or sell a stock.

So, while to everyone else it might appear as fast or hasty decisions, to Berkshire insiders it is actually a case of executing a plan when the opportunity comes around (buying or selling a stock).

The framework for such decisions was ready for years, and so was the patience in waiting for the right opportunity.

In another instance, he explained how if they did not find anything good to invest in, they would be happy parking in short-term government bonds till the next opportunity rather than invest for the sake of investing.

REMARKABLE WISDOM

Buffett often has attributed his success to luck — being born at the right time in the right country and to few other aspects of providence. But if one looks past this modesty, there is remarkable wisdom from a very early age, wisdom here being not just the IQ, but more importantly emotional quotient.

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These were not just in theory, but also matched in action as re-

flected in his investment decisions through the last six decades.

The errors of commission are extremely rare. But as Buffett has said, errors of omission are better than errors of commission.

Scouring through his annual newsletters from 1970s and 1980s, investment aspirants can gather enormous wisdom from how a younger Buffett viewed world events and investing. Few amongst 100s of his famous quotes and insights are:

- Bull markets can obscure mathematical laws, but they cannot repeal them
- We have no idea how long the excesses will last, nor do we know

ALERTS.

FYERS launches FIA screener

Stockbroker FYERS in early April has launched FIA (FYERS Intelligent Assistant), an AI-powered screener creator that enables traders to generate real-time stock screeners using price, volume and open interest data through simple, natural language input.

Smart strategies for changing markets

WISE MIX. In a dynamic marketscape, allocation must be forward-looking, diversifying across asset classes and geographies

Shiv Gupta

In a global landscape marked by trade wars, AI-driven disruptions and a changing world political order, investors are navigating a period of profound economic, technological and geopolitical transformation.

Portfolio allocation, once driven by static models and broad rules of thumb, must now be more dynamic and forward-looking, seeking opportunities across asset classes and geographies. Investors who adapt to this new normal stand to benefit meaningfully.

A NEW MARKET REALITY

We have moved from an era of ultra-low interest rates and abundant liquidity into one of higher inflation, interest rate normalisation, and increased economic and geopolitical uncertainty. These shifts are influencing asset-class behaviour in significant ways — equity valuations are being tested, bond markets are repricing risk, and alternative assets are gaining investor attention as traditional diversification approaches become less effective.

In India, despite a compelling structural growth story driven by formalisation, digitisation and consumption, risks such as global supply chain disruptions and rupee volatility loom.

The Nifty 500 has delivered about 12.5 per cent annualised returns over the past decade, but forward P/E ratios at 21x may signal potential valuation concerns.

PRINCIPLES OF DYNAMIC ALLOCATION

Portfolio allocation strategies must balance opportunities with these risks and a robust one rests on a few key principles.

Thoughtful diversifica-



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tion: True diversification is not just a spread of asset classes, but involves targeting uncorrelated sources of return and risk.

This might mean blending domestic equities with global exposures, adding fixed-income instruments of varying duration and credit quality, and thoughtfully incorporating alternatives like REITs, InvITs, private equity or gold.

Risk-based allocation:

When constructing portfolios, we advocate a risk-based approach where investors focus on how much risk they can tolerate, financially and psychologically. For example, a family office may accept more illiquidity in pursuit of higher long-term alpha (excess returns over a benchmark) through private equity, while a retiree may prioritise safety and income typically available from fixed-income instruments.

Tactical adjustments: While strategic allocation anchors the portfolio, tactical tweaks can enhance a portfolio's risk-adjusted returns. For instance, reducing Indian mid-caps when

INVESTOR BEHAVIOUR

Rebalancing, resisting the urge to excessively time the market and aligning investments with goals and risk appetite are where discipline meets performance

valuations are stretched (currently about 27x) and earnings momentum is tepid, or increasing international exposure when the rupee is overvalued, are tactical moves grounded in macro and valuation considerations.

Cash as a tool: In uncertain markets, holding 5-10 per cent in cash provides optionality. Despite inflationary concerns, cash offers dry powder for redeployment when opportunities arise. The key is staying selectively liquid, not underinvested.

EQUITY ALLOCATION

Indian equities remain a favoured vehicle for wealth creation, and for good

reason. As a class, they have performed well in both relative and absolute terms, and the long-term outlook remains compelling, supported by demographic tailwinds, a reform-oriented government, and healthy corporate earnings.

A core-satellite approach works well here. The core, typically 60-70 per cent of the equity allocation, should be in high-quality businesses or diversified mutual funds. The satellite can take a more thematic approach, such as individual factors like momentum or low volatility, or emerging sectors like EVs, AI and manufacturing. Aside from mutual funds, direct equity, portfolio management services (PMS) or even focused ETFs can play a role.

Increasingly, global equity exposure represents a core component. It mitigates domestic concentration risk and provides access to sectoral opportunities not readily available in India. Given current valuations, however, investors may consider restricting exposure to the US, especially mega-cap tech stocks, in fa-

vour of Europe, Japan and emerging Asia, which offer more compelling relative value.

FIXED INCOME

With the RBI having eased rates by 50 basis points and liquidity remaining manageable, Indian bonds have risen recently. Further, despite global uncertainty, foreign inflows have remained robust. Yields across high-quality debt have stabilised at 6.5-7.5 per cent and significant gains from adding duration are unlikely. Short-to-medium duration bonds and funds, and carefully-selected credits offer income with low volatility. For those willing to move up the risk curve, select credit or hybrid debt instruments can enhance yields to 8-10 per cent.

ALTERNATIVE ASSETS

Alternatives are no longer just for institutions. Indian HNIs and family offices are increasingly allocating to private equity, structured credit, venture debt, REITs and InvITs. These assets, though illiquid, offer higher returns of 15-20 per cent with less correlation with public markets. Gold, too, continues to serve as a useful geopolitical, inflation and currency hedge, returning about 13.5 per cent per annum over the past five years.

BEHAVIOUR MATTERS

An underappreciated factor in investing success is investor behaviour. Asset allocation works only when it is consistently followed. Rebalancing, resisting the urge to excessively time the market and aligning investments with goals and risk appetite are where discipline meets performance.

Markets are constantly evolving, but a disciplined approach to asset allocation is enduring. Review your portfolio's alignment with

these principles and consider consulting a wealth advisor to tailor strategies to your goals in this dynamic landscape. For retail investors looking to delegate the asset-allocation process to professional managers, we are also seeing the emergence of multi-asset allocation funds that may substantially do the job for them.

The author is Founder & CEO, Sanctum Wealth. Recommendations on investment and asset allocations are those of the author and not of *bl portfolio*

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EXTRACT OF AUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2025.									
(Figures in Lakhs, Except EPS)									
Sr. No.	Particulars	Standalone					Consolidated		
		Quarter Ended	Quarter Ended	Quarter Ended	Year Ended	Year Ended	Quarter Ended	Year Ended	
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	
1.	Total Income	40,014.81	31,036.58	31,036.88	1,35,994.35	31,036.24	31,036.25	31,036.25	
2.	EBITDA	4,885.11	3,962.51	4,203.87	17,542.61	13,859.43	4,885.11	17,542.61	
3.	Net Profit/(Loss) before exceptional item and tax	2,345.43	1,539.44	2,359.20	8,310.22	7,736.25	2,345.43	8,310.22	
4.	Net Profit/(Loss) after exceptional item and tax	1,724.02	1,122.96	1,676.93	6,172.60	5,679.95	1,724.02	6,172.60	
5.	Total Comprehensive Income for the period	1,720.03	1,123.98	1,672.86	6,171.66	5,684.02	1,720.03	6,171.66	
6.	Equity Share Capital	3,096.73	3,096.73	2,886.51	3,096.73	2,886.51	3,096.73	3,096.73	
7.	Other Equity				54,170.69	43,525.24		54,170.69	
8.	Earnings per share (face value of Rs10/- each) (for continuing and discontinuing operations)								
	Basic (Rs.)	5.66	3.68	6.01	20.25	20.34	5.66	20.25	
	Diluted (Rs.)	5.57	3.63	5.42	19.93	18.34	5.57	19.93	
Note:									
1.EPS is not annualized for the quarter ended March 31, 2025, March 31, 2024 and December 31, 2024.									
2.The audited Standalone and Consolidated Financial Results have been prepared in accordance with the recognition and measurement principles prescribed under the applicable Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. These results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on May 09, 2025. The Statutory Auditors have audited the said financial results and issued their report with an unmodified opinion.									
3.The above is an extract of the detailed format of financial results filed with Stock Exchanges under Regulations 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full formats of audited financial results are available on the websites of the Stock Exchanges i.e. www.bseindia.com/www.nseindia.com and on the website of the Company www.hariompipes.com.									
Date: May 10, 2025 Place: Hyderabad									
For and on behalf of Board of Directors Hariom Pipe Industries Limited Sd/- Rupesh Kumar Gupta Managing Director DIN: 00540787									

