# Barbell Ventures

## Q3’ 2025 Portfolio Update

**September 30, 2025**

My investing approach has been formalized by the following four underlying beliefs-

1 . **R**eturns are governed by power laws - Only a select number of companies will generate life-changing returns in my investing career. The process is to be optimised to participate in the growth journey of such businesses.

2 . **B**usinesses not continuously investing significantly for the future to increase their competitive edge will lose in the long run, no matter what is their current business economics. The incentives of the majority of the institutionally run large enterprises are focussed on generating highest free cash flow to return to shareholders rather than invest in the next leg of growth . Such enterprises have a huge risk of destroying shareholder value in the long run. The most value is created by founder-led businesses who are obsessed to drive longevity of their competitive edge and not concerned about meeting short term targets.

3 . **I**nvesting will be most profitable and a contented journey if our hard earned capital is spent on backing businesses doing significantly hard things by investing in better products, technologies or developing better value proposition for the customers.

4. **T**he entire financial profession is focussed on short term mathematical analysis and no-one is playing the game to invest in business like a founder .

Our Barbell Approach to Investing is focussed only on the extreme sides of the barbell and avoiding the simmering mediocre middle which is the conventional investing institutionalized today.

| **Left Side of Barbell<br>(Next Generation Enterprises)** | **Conventional Investing (Middle of Barbell)** | **Right Side of Barbell<br>(Deep Value/Optionality)** |
| --- | --- | --- |
| Embracing Uncertainty and Extreme long term horizon - be with the companies throughout investing lifetimes<br><br>Experimental approach focussed on finding special long term winners and embracing failures<br><br>Conventional investing may own such enterprises but will only for a short period of time.<br><br>Can’t easily be assessed by conventional valuation metrics | Relying on predictability, buying only proven businesses which are undergoing temporary problems and are generating strong free cash flows.<br><br>Adopting a mutual fund approach to buy cheap and sell them at fair value and rotate capital<br><br>The success in this approach requires school-like discipline and it discourages making mistakes and experimentation<br><br>Oscillate in conventional valuation range of FCF | Embracing Uncertainty and giving an opportunity to companies which have potential but are vastly ignored.<br><br>Almost no conventional investor will want to own such companies. |

Firstly, we back companies which we believe have the potential to be the next generation exceptional enterprises . These companies are investing deeply in expanding their competitive advantage by going deeper into the value chain of  their customers . These investments need a good amount of time to show up in outcomes, but when they do eventually do, these competitive advantages are highly sustainable and very difficult to uproot . Such businesses are focussed on expanding their roots under the ground (building stronger competitive advantages) and not necessarily focussed on gaining height (free cash flow) . In line with the philosophy and mission of such companies, we are backing these owners of the businesses by being with them throughout our investing career. Behaving like true owners, we have no intention of reaping investing rewards in a short-period of time, rather our fruits lie in the long journey together with our businesses.

Secondly, we also invest in special extremely deep value opportunities which are either extremely beaten down due to past mishaps and are currently undergoing favorable change or have deep upside optionality embedded in them. Such opportunities provide highly asymmetric returns if we are patient in their journey. Like Next Generation Enterprises, deep value opportunities will also significantly test our patience as their journeys won't be smooth, but as long as the path to the north star is still there, we will support them in this journey.

Hence, in line with our mission, our work only entails two things-

1. Getting up every day learning something new about the world and finding the special ones that we admire so much to put our capital and time behind them for a long duration.

2. Having extremely long term horizons. A lot of great investors end up backing great opportunities, but very very few are able to maximize the outcomes from them. Only by holding for a very long duration, we will generate special rewards and feel content that we backed special people and stood with them through thick and thin. Meanwhile, the world will try to distract us with incessant fears, noise, news, new hot investing ideas etc and our rewards will be dependent on how much focussed we stood in our mission.

## Embracing Uncertainty and Optimising for Curiosity

Our Investing approach is unconventional and is optimised to our interests, and building deeper roots than height like our Next Generation Enterprises . We believe obsessing for quickly gaining height without strong roots formation will only lead to sub-par long term performance. Hence in our long journey of investing , to develop stronger roots, we start with small experiments and increase our stakes over time as our hypothesis prove correct . We don’t go overboard in excitement or forcing conviction to go with a big bet size in order to make quick gains. Our core portfolio companies organically grow larger in size as they perform and we continue to be participants in their journey and our mistakes will be organically eliminated or replaced with better opportunities over a period of time.

Hence by our conscious approach to focus on width and letting depth/concentration develop organically over time , we will expand our circle of competence and develop multi-lateral competencies which will eventually lead to strong long-term performance.

Meanwhile, we measure our short-to-mid term results only by the degree to which we pursued our unique interests , backed our convictions and have no intention of beating or even comparing with any benchmark or others. In fact, the reason we are in the game of investing for life is because we believe investing not to be a school like competition to win by learning a set module or rules, but a journey of exploring our interests, developing our competencies and ultimately backing companies in line with our value system.

**Our Portfolio (as of September 30, 2025)**

## Next Generation Enterprises

| | | |
|---|---|---|
| Salesforce | GMM Pfaudler | Arman Financial |
| CROX | Saregama | CSB Bank |
| RACL Geartech | FreshPet | Restaurant Brands Asia |
| Indegene | Dilip Buildcon | Greenlam Industries |
| Niyogin Finance | Pinduoduo | Capacite Infrastructure |
| Meituan | New Oriental Education | Baidu |
| Aditya Birla Fashion | Burford Capital | Marvell Technology |
| Kaspi | Vistry | Fever Tree |
| VMart Retail | Aditya Birla Fashion | |

## Deep Value Enterprises/Deep Optionality

| | | |
|---|---|---|
| Valaris | Tidewater | Noble Corp |
| AMR | Barbeque Nation | Portillos |
| Match Group | Intel | Delivery Hero |
| Dishman Carbogen | PayPal | Piramal Enterprises |
| | Match Group | |

Sincerely,

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