1. What is unique about Saamya Advisors? Why should you partner with us?

Our uniqueness lies in our willingness (many say this) and ability (few have it) to stretch time horizons and to sometimes look stupid in the short run. It allows us to invest in fundamentally strong companies when they are facing a lot of skepticism for unwarranted reasons or to invest in companies where we have developed a unique business insight which we believe will play out over time. We compete with fewer buyers in these cases which results in an attractive skew on our investments and a chance at outperformance in the long run.

Moreover, we have designed our incentive structure in such a way that it reinforces this philosophy of extending time horizons. We charge a nominal fixed fee (~0.6% including GST) to mainly cover our operating and regulatory costs. Performance-linked fee is charged at 5-year intervals starting from date of account inception on the gains accruing over and above our hurdle rate (i.e. 9%)[1]. This is the same time horizon over which we request our partners to evaluate our performance. If a partner does a partial / full withdrawal before the date on which profit share is due, applicable profit share will be charged at the time of withdrawal.

At the same time, client partners who join Saamya Advisors can rest assured that under no circumstances will their capital be exposed to unnecessary risks. We are investing over 90% of our own capital alongside our client partners. We will not take unnecessary risks on majority of our capital, and by extension on your capital as well.

2. Who should not partner with Saamya Advisors?

Our goal is to compound capital meaningfully over the long term. Our yardstick for success is whether we outperform BSE500TRI over rolling five-year periods, a timeframe we believe best captures our strategy's potential.

We do not compare ourselves to other investment managers, as their risk profiles and investment horizons may differ significantly. Therefore, our approach will not be suitable for investors whose investment horizon is less than five years, or for those who prefer to evaluate performance relative to other managers.

As discussed in our Partner's Manual, our investment approach is premised on taking concentrated bets when we see potential attractive skews. Such odds present themselves when a business is facing temporary challenges or where we have unique insights. Psychologically, this a tough approach to investing because this requires us going against the crowd, and there could be prolonged periods where business and share price performance may remain subdued before our hypothesis plays out. Hence, our strategy is not suitable for investors who prefer to be invested in ideas that show positive business and share price momentum in the near term.

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[1] For example, if a client partner starts an account with us on 01 January 2026, the profit share due, if any, will be charged on 01 January 2031, 01 January 2036, and so on. Only if there is a partial / full withdrawal between 2 such dates, profit share will get triggered and be charged on date of such withdrawal.

3. **Why is your investment strategy best evaluated over 5 years? What are the implications for investors who withdraw earlier?**

   Our approach is geared to find investments which offer an attractive skew. Such opportunities often arise in periods of uncertainty such as industry downturns leading to challenges in revenue and/or profit growth, company-specific missteps like past capital misallocation which needs to be corrected, etc. It takes a few years for these situations to resolve. Markets re-rate valuations only when certainty about the company's prospects returns and so, re-rating is many times back ended.

   Based on our experience and learnings, a five-year horizon allows enough time for these cycles to play out and for our approach to demonstrate its efficacy.

   Investors who redeem earlier may exit before the portfolio has fully matured, potentially realizing subpar returns or crystallizing temporary drawdowns into permanent losses.

   From an administrative standpoint, as discussed earlier, profit share due to us, if any, will be triggered at the point of partial or full redemption.

4. **What is your deployment strategy and what are its implications?**

   We request client partners starting a new account to give us capital only when we can deploy at least 20% on the day on which we request the capital[2]. The pace of deploying the remaining capital (which can be as high as 70-80%) depends on market conditions and the availability of suitable opportunities. In sanguine markets, like those of 2023-2025, deployment may be very gradual.

   This approach is disciplined but it carries a risk: We may underperform our benchmark for a reasonable period if markets rally before we deploy more capital. To avoid this risk, professional investment firms feel the pressure to deploy capital faster, which potentially dilutes investment standards and results in over weighing of unnecessary risks at the margin. We believe in staying firm on our approach and not falling in this trap, even at the cost of short-term underperformance.

   As the English writer Samuel Johnson said, 'The chains of habit are too weak to be felt until they are too strong to be broken'. One compromise leads to another, and before we know it, the whole process has become weak.

   Deploying capital in a disciplined and gradual manner enables us to turn the short-term drag of holding cash into a strategic advantage: Not only do we avoid large investment mistakes that can arise from chasing short-term market movements, but we also ensure that we have dry powder ready when attractive opportunities arise.

[2] Client partners can get the paperwork done to open an account with us. But we will request them to fund the account only when we see enough opportunities to deploy at least 20% of the capital given to us.

5. **Why did you choose a PMS structure over an AIF? What are the drawbacks?**

A PMS structure offers us the flexibility to:

- Customize portfolios for all client partners at the time of entry, allowing allocation to our best ideas with the proper weight in context of risk. This is unlike model portfolios where a client partner gets exposure to existing names at existing weights irrespective of whether that is the best combination of ideas at a given point of time.
- Take concentrated positions (>10%) when conviction is high which AIFs can't.
- Allow uninterrupted compounding, given that there is no restriction on how large a position can become. On the other hand, an AIF requires you to continually trim holdings to ensure peak weight is 10% of the fund value, which means investors cannot fully ride their winners.
    - There is an alternative AIF structure that allows holdings to compound without periodic trimming in case value of a holding crosses 10% due to capital appreciation. However, the drawback is that the 10% peak weight one can take at entry is calculated on investable funds and not on current value of the fund. For instance, consider an AIF that begins with ₹100 and grows to ₹600 over 7 years, including ₹200 additional capital received from client partners in course of these 7 years. In this case, the 10% cap applies to the total invested capital of ₹300, meaning the largest new position the AIF can take is ₹30. Relative to the current fund size of ₹600, this translates to a peak weight of only 5% of the total fun value. Over time, this constrains the manager's ability to initiate meaningful new positions.

The drawbacks of operating in a PMS structure are as follows:

- Unlike an AIF, a PMS cannot participate in preferential issues, QIPs and pre-IPO opportunities. However, we are comfortable with this trade-off given the other advantages the PMS structure offers as discussed earlier.
- While any tax incidence in case of AIF is paid at an AIF level from the funds the AIF is managing, in case of a PMS capital gains are payable by our client partners. However, partners who don't want to pay these taxes from their other funds can always withdraw an equivalent amount from the funds they have invested with us to cover this tax liability, mitigating this disadvantage. We will not trigger a profit share call in case the partial withdrawal is to the extent of the tax liability incurred due to our portfolio actions.

6. **Most funds write quarterly letters and host a quarterly call. Why do you write one letter and meet once a year? How do we interact in the interim?**

We prefer quality over frequency. Writing thoughtful, concise communication requires time, and often there isn't meaningful new information each quarter. Producing quarterly letters merely for the sake of it would divert time from research without adding real value. Hence, we write one annual letter. In the interim period, we may write memos on interesting topics or to share important updates.

Similarly, we host one annual partner meeting. While we enjoy interacting with partners, frequent calls shift the focus to short-term developments, which is counterproductive for a long-term strategy. Moreover, our investment environment and processes do not change frequently enough to warrant regular updates. When we schedule calls too often, we sometimes find ourselves searching for new topics to discuss even when there isn’t much that’s materially different to share. Likewise, you may feel compelled to ask questions simply because you have set aside time from your schedule, leading to discussions that are less meaningful and less fruitful.

A useful parallel can be drawn with DMart, which conducts only one investor call a year, unlike most companies that host quarterly updates. The same analysts and investors who tend to ask short-term or repetitive questions on quarterly calls often raise far more thoughtful, strategic ones during DMart’s annual call; limited engagement only encourages more reflection and better-quality dialogue.

We often advise our portfolio companies that one detailed annual interaction is sufficient when the underlying business model is stable, and the fundamental structure isn’t changing rapidly. The same principle applies to us.

If any major event warrants immediate discussion, we will proactively call for a meeting in between our two annual meetings.

In the interim, partners are encouraged to write to us. Written communication helps us address specific queries thoughtfully and efficiently.

7. **Is a 2-person investment team sufficient to manage capital?**

Managing capital comprises 2 functions: research companies and take capital allocation calls.

Founders of Saamya Advisors have over 20-25 years of investing experience and have researched multiple companies across sectors which are now a part of our watchlist which we track between ourselves. This list keeps, obviously, keeps expanding via our ongoing research process.

Traditionally, a team of analysts would collate facts, build an investment hypothesis and regularly track the watchlist companies. Integrating AI tools in our research process has made us realize that it is far more productive to leverage these tools as they produce high-quality research much faster than most analysts and can also track a much larger breadth of shortlisted ideas. It makes more sense for us to invest in these tools than build an analyst team.

The capital allocation function boils down to taking judgement calls based on one's convictions. This, by nature, is a lonely process and cannot be delegated. This responsibility inevitably rests with us as founders.

We are confident that a focused two-person team is sufficient, with flexibility to expand as and when required.

8. **Do promoter / management interactions form a key part of your research process?**

It depends on the company.

For businesses with a long track record in listed space and which communicate regularly via calls / AGMs, we often find sufficient information in public disclosures and meeting management is not necessary. This was the case with ICICI Bank, Oberoi, Realty, and Bharti Airtel when we invested in them. Since they had long business track records and communicated regularly, we were able to assess their business and evaluate the investment opportunity without meeting the promoter or management.

However, for small and microcap companies which are in niche businesses and where historical public data is lacking to see a long-term track record, we engage directly with promoters or senior leadership to build alignment with the team and conviction on the business model.

9. **Why did we choose the name 'Saamya'?**

Saamya, in Sanskrit, is associated with Equality and Equipoise which describe how we want to operate:

- Treat all our partners with fairness and in a manner we would like to be treated if our roles were reversed (Equality).

- Maintaining even balance of our emotions and not succumbing to fear and greed as this is the key to long term success in investing (Equipoise).