

The Compounding Years

The strategy that held, and what it cost to find it

SUBASH

CHAPTER 1

Four Hundred Hours

I started reading properly in January 2024 and I kept a log, because I keep logs, and the log says four hundred and eleven hours across fourteen months.

I want to describe what those hours were actually like, because every account I have read of somebody "teaching themselves to invest" makes it sound like a montage, and mine was not a montage. It was mostly confusion followed by mild embarrassment.

The first three months were wasted. Completely. I read what everybody reads when they begin, which is the internet, and the internet on the subject of the stock market is not information, it is entertainment shaped like information. I watched perhaps sixty hours of videos in which confident people explained patterns on charts, and at the end of sixty hours I could draw the patterns and I could not have told you what a company's return on capital meant.

The tell, which took me far too long to notice, is this: **almost all of it was about the price and almost none of it was about the business.** Sixty hours of material about a thing that goes up and down, and not one hour about why anybody would own it.

That is not a coincidence and it is not stupidity on the part of the people making it. Price is exciting, changes every second, and can be discussed by someone who knows nothing about anything. A business is slow and specific and requires you to read a hundred and forty pages.

I abandoned all of it in April 2024 and went and did the boring thing instead, which was to read annual reports.

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The first annual report I read all the way through took eleven days and I understood perhaps a third of it.

It was a paint company — a large, dull, well-known Indian paint company, chosen for no better reason than that I could see its product on every wall in my street and therefore had some hope of understanding what it sold.

I want to tell you what happened on day nine, because it is the moment this whole book turns on.

I was reading the section on raw materials, and it said, in the flat unexcited way these documents say everything, that the principal inputs were titanium dioxide and various crude-linked derivatives.

The story continues.

Twenty-five chapters and an epilogue. 84 pages.

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