

FREE MASTERCLASS

HOW TO INVEST IN SMALL-CAPS

Without Going Crazy

With Yatin Ranade



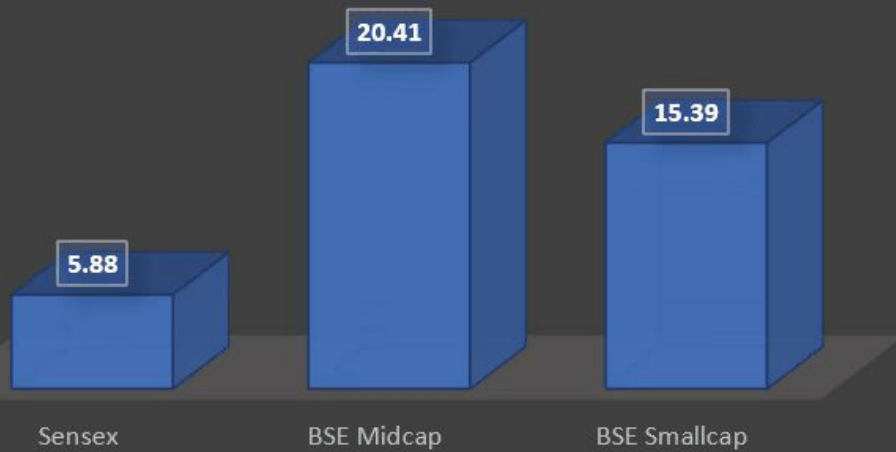


WHY WE LOVE SMALL CAPS

1. *Multibagger Returns*
2. *Multibagger Returns*
3. *Multibagger Returns*

[COMPARE NIFTY vs NIFTY SMALL CAP](#)

YTD RETURN (%) OF KEY INDICES



Source: BSE



THE PROBLEM WITH SMALL CAPS

- 1. Difficult to Find**
Low Success rate
- 2. Difficult to Analyse**
No/Low Information
- 3. Volatility**
Up & Down 90% at times
- 4. Liquidity**
No buyers or Sellers

Part 1

The Small Cap Mindset

The basic prerequisite

“I’ve always said, the key organ here isn’t the brain, it’s the stomach. When things start to decline – there are bad headlines in the papers and on television – will you have the stomach for the market volatility and the broad-based pessimism that tends to come with it?”

– Peter Lynch



4 Basic Mindsets for Small Caps



Stock Down 50-90%



HOLD



No buyers or Sellers



HOLD



Circuit pe Circuit



HOLD



Fundamental Change



EXIT

Basically be Pushpa...



Main jhukega nahi

Part 2

How to Find Small Caps

Quick & Easy Ways

My 3 easy small cap hacks

01

Holding

Stocks with low mutual fund holdings

02

Product

A well know product or Service

03

Cyclical

Companies in a down cycle

Part 3

How to Analyze Small Caps

Same EGSCR Framework

The Analysis Framework is same



A business is a business - you study the potential to grow
Just the **risk** profile changes

REMEMBER

Small Caps are “Small” because there is something off with the Fundamentals!!



Part 4

Small Cap Allocation & Risk Management

*VC Approach - Selection &
allocation*



A **venture capitalist (VC)** is an investor who provides young companies with capital in exchange for equity. Startups often turn to VCs for funding to scale and commercialize their products.

How VCs Make decisions

Solves The Low Success Rate Problem

Our survey found that for each deal a VC firm eventually closes, the firm considers, on average, **101** opportunities. Twenty-eight of those opportunities will lead to a meeting with management; 10 will be reviewed at a partner meeting; 4.8 will proceed to due diligence; **1.7** will move on to the negotiation of a term sheet with the start-up; and only one will actually be funded.

<https://hbr.org/2021/03/how-venture-capitalists-make-decisions>

Practical Approach

01

Allocation

Dont park more than 3-5% in your Portfolio in Small caps

02

Separate Portfolio

- Make a Portfolio with 20-30 Stocks
- Allocate less than 3% in each Stock