

## **Dhan ki Baat #8 – MultiBaggers and Speculation**

### **Finding MultiBaggers**

Can you be an early investor in the next Google? Can you buy a farm in Gurugram which becomes the land on which tall towers come up? Will the startup you founded be the ext big thing. These would create enormous wealth.

Modest MultiBaggers which give you 5X to 10X return may be easier to find in your own business or in stocks and real estate. It may be a good idea to look for these and allocate 5-10% of your savings to MultiBaggers where if it works out you win big and if you lose you can afford to take the loss.

You can also invest in Mid Cap and Small Cap stocks which have higher risk and could give you higher rewards. In India index funds are gaining popularity and it will mot be too long before you have index funds that track the mid cap and small cap index.

### **Control Speculation**

Gambling, Lottery, Betting, Bitcoin, Day Trading, Futures & Options, Currency and commodity trading and other get rich quick schemes are to be avoided unless you really understand how to play the game. Many people have lost a lot of money by chasing quick gains.

There is a difference between speculation and finding MultiBaggers. In speculation you do not understand why the returns are spectacular. You are attracted like a moth to a flame. In finding MultiBaggers you do careful analysis which may be wrong, but you do lot of homework and understand the upside and downside potential of the investment that you are getting in to.

We have said control speculation and not avoid it because for some speculation gives a lot of joy but for those who cannot control speculation it can destroy them.

### **Financial Literacy Nuggets**

Dhan ki Baat messages give you nuggets that you can study to improve your financial literacy. Lookout for the next message on “Dhan ki Baat”.