

## Twitter Thread by Steve Nison



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**A general guide to position sizing for beginners. There is nothing new which I am sharing. Everything is already in the public domain or many books elsewhere.**

## Position sizing for beginners

Two basic rules:

1. No more than 1% risk per trade. (1% of your total capital).
2. No more than 10% allocation in a single position.

Example:

Laurus Labs current price to buy @ 690

Stop Loss Level: 620/-

Difference  $\Rightarrow$  70/-

Total capital  $\Rightarrow$  5,00,000 ₹

Risk per trade  $\Rightarrow$  1% of total capital  $\Rightarrow$  5,000 ₹

Therefore, quantity to be bought

$$\Rightarrow \frac{5,000 ₹}{70 ₹} = 71 \text{ Shares.}$$

$$\begin{aligned} \text{Total capital deployed} &\Rightarrow 71 \text{ shares} \times 690 ₹ \\ &= 48,990 ₹, \end{aligned}$$

which is less than 10% of total portfolio value.

If position per trade coming out to be more than 10%  $\Rightarrow$  reduce the quantity accordingly.