



CEO Lesson #9

Knowing when to sell

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"If the job has been correctly done when a common stock is purchased, the time to sell is almost never." – Phil Fisher, author of *Common Stocks and Uncommon Profits*

- 1 Sell if the investment becomes fully valued
- 2 Sell if the investment thesis is proved wrong
- 3 Sell if there is a better opportunity available

This is the ideal sell scenario. Fundamental investors should purchase at a discount to intrinsic value and hold until fair market value.

There are two exceptions to this rule:

1 Be reluctant to sell capital compounders

2 Don't be afraid to sell cyclical companies

1

Confirmation bias

2

Thesis creep

We tend to avoid recognizing our mistakes. Counteract this by conducting formal reviews of each investment thesis.

3. Sell if there is a better opportunity available

1

Compare to
existing holdings

2

Evaluate risk-
reward trade-off

3

Assess portfolio
implications

Questions?