

Exit strategies

Does the ideal exit strategy exist?



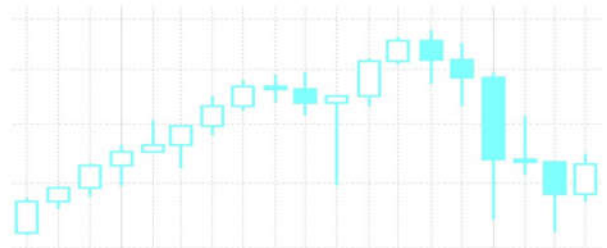
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(updated from November 2015)



Price charts summarise the underlying opinions and emotions of the market participants. Every chart tells a story. It pays to understand the stories in the price charts.



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Revision: 4e



Introduction

Exit strategies?

Is this important:

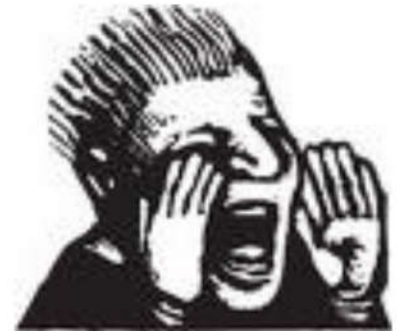
- capture profits?
- protect capital?





Why sell a stock?

BTW — Why would we consider selling our shares in a company?



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Why sell a stock?

1. For a new investment position, the share price has fallen (*Stop Loss*);
2. The money is needed elsewhere;
3. The investment value has risen significantly, so it's somewhat sensible to liquidate some or all of the position (eg. the *portfolio weighting risk*);
4. The investment has risen to a pre-determined *price target*, so we want to lock in the profits and exit the position;
5. The investment position is not going anywhere and our money is not working hard enough (*time stop*, or *opportunity cost*).

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Exit strategies?

The long-term buy-and-hold investor rarely contemplates selling an investment position.

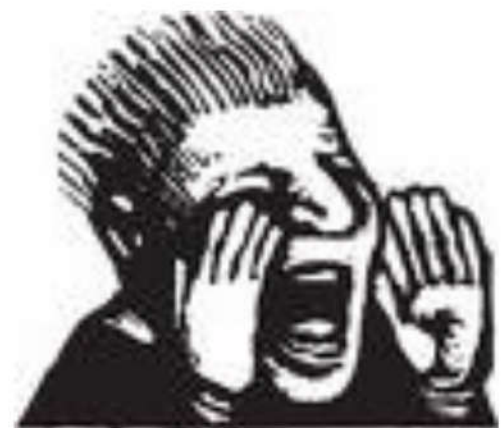
However, astute investors/traders want to **protect capital** and **capture profits** carefully consider the possibilities for **exit strategies**, and ruthlessly implement the chosen strategies.

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Interactive...

- Please ask questions.
- Let's discuss details.
- Price charts prepared using BullCharts software.



www.bullcharts.com.au

*Every chart tells a story.
Understand the story in the chart.*

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