

Knowing when to sell



Mentor in a minute

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Many investors find selling a share harder than buying. After all, is it worth holding on a little longer for more gains? Or is it time to realise your losses? If you have owned the stocks for a while and you've been watching the story unfold, it's also easy to form an emotional attachment, making it even harder to sell.

But you don't have to sell all of a stock. Selling part of a successful holding enables you to realise the gain, while reducing your exposure.

It's not just successful investments people have trouble knowing when to sell. It can be even harder deciding to liquidate a share that's underperforming, especially if it means crystallising a loss.

To help take the emotion out of selling a share and stick to your strategy, it may be worth considering what's called a limit order, or a stop loss. These are the type of trades that you can set up to be triggered automatically when a share price hits a point nominated by you.

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