

Exit strategies

Does the ideal exit strategy exist?

Free
Members
Premium

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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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This presentation...

This presentation introduces a number of exit strategies that can be deployed to help protect our trading capital and profits.

Originally prepared for the U3A Manningham (Stockmarket Group) in November 2013, and has been updated for the BullCharts User Group in October 2014, and in November 2015.

Latest update July 2022 for the ProTrader International Workshop in Kuala Lumpur.

 Introduction

Exit strategies?

Is this important:

- capture profits?
- protect capital?

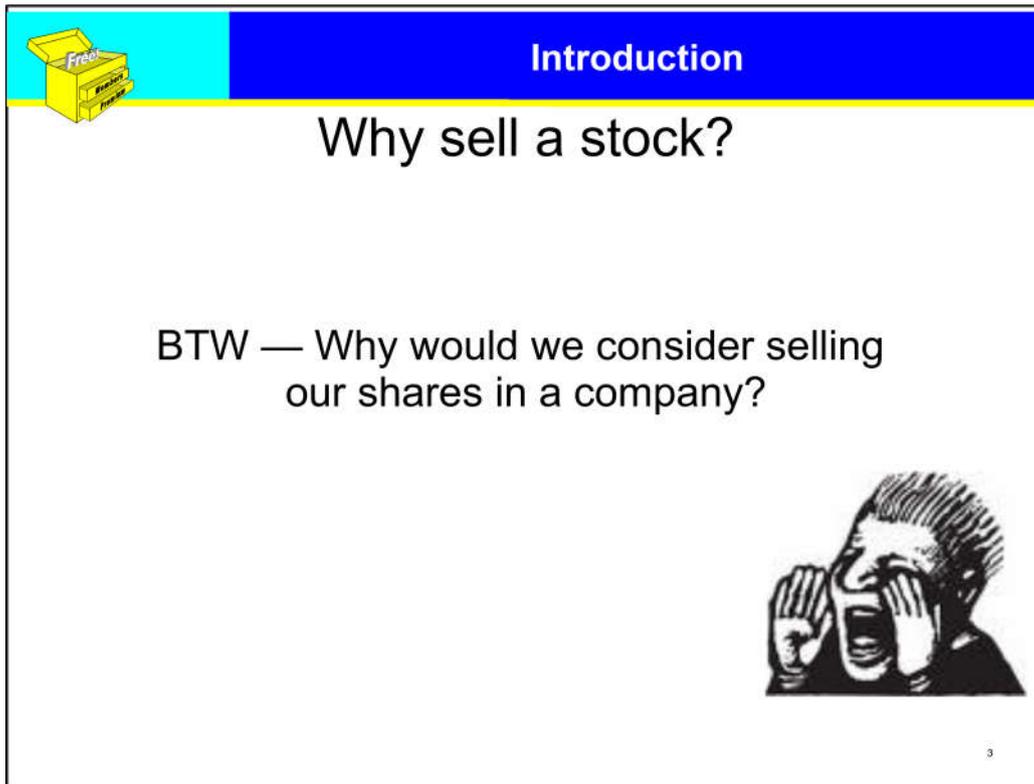


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Exit Strategies

Are these important?

Is one more important than the other?



Introduction

Why sell a stock?

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



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When investing in the stock market
why might we sell a stock?

Give some thought to the reasons for selling. If we can understand the situations that might cause us to want to sell, then we are better able to decide which exit method to deploy.

See a list of possible reasons on the next slide.



Introduction

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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Why might we sell a stock?

Here are a few reasons for selling.



Introduction

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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When comparing the regular long-term buy-and-hold investor to the shorter-term nimble investor or trader, there is a clear difference in the approach to selling and exit strategies.



Introduction

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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During the presentation,
please feel free to ask questions.

And we will be using the Australian BullCharts charting software to view charts (included within these presentation slides, and also interactively in the live presentation).