

Cassidy, Donald – It's When You Sell That Counts

Global Professional Publishing, 2011 (3rd ed.), [Equity Investing] Grade ★★ ★

Selling stocks is less fun and less easy than buying them. Also, you can get plenty of advice on how to buy stocks and which stocks to buy, but few tell you when to sell. Therefore, a sell strategy is vital for investment success. Donald Cassidy who has been a research analyst since the mid 1970s aims to give the trend following investor with a medium term investment horizon of 6 – 18 months the tools to develop this sell strategy.

I first want to dig into the main problem of the text before turning to the positive sides. The four sections are named 1) *Understanding the Selling Problem in Depth*, 2) *Developing the Proper Mindset*, 3) *Mastering the Contrarian Approach* and 4) *Using Smart Selling Tactics*. Although this looks like an organized setup where the first part discusses the difficulties of selling, the two in the middle cover how this could be mended and the final part gives hands on advice on the execution of selling, structure isn't what comes to mind when reading the text.

There are 30 very short chapters and it's hard to see the logic of many of them as a number of recurring themes are repeated multiple times in basically all sections of the book. For someone advising on how to set up a well-thought-out sell strategy this doesn't inspire confidence - and this is the 3rd edition of the book.

A large number of reasons for selling and methods of selling are discussed but there are few attempts made to connect them or direct specific investors to tools that are more suitable for them. Further, many of the pictures of the book – at least in my print - are sadly of such low quality that it is virtually impossible to interpret them.

All this is a shame since there are some definitive qualities to the book. First and foremost the

strength of the text is the author's understanding of trading psychology. The keen psychological interest makes the book come to life and the reader can very easily relate to what is said. The topic of trading psychology is also covered broadly, it describes buying as well and pops up at various places in the book but this is more easily forgiven by the sheer enthusiasm Cassidy shows for the topic.

Apart from the apt account of trading psychology the author, benefitting from 4 decades in the financial markets, delivers plenty of sound advice and insights into the investing world. His account of the brokerage industry and why sell-side analysts don't give the recommendation "sell" very often is clearly cynical but probably not entirely wrong. It simply hasn't been good for business with the business model that has been in use.

Further, while I above noticed that the author had a mid-term investment horizon the methods portrayed could also be quite useful to longer-term oriented investors (or stale buy-and-holders and stock collectors as the author describes them – I'm always surprised how different types of market participants form separate religions), as they are to sell their winners. Especially, value investors tend to buy too early and sell (winners) too early and could do well by studying techniques such as for example trailing stop losses. Finally, the checklist in chapter 29 starts to bring everything that has been said in the book into order.

There is much to learn in this book for the retail investor with a medium term horizon. Unfortunately it takes some serious work to distill a clear selling strategy out of this text. A forthcoming edition slimmed down from 280 pages to 180 with more structure and less duplication would be a real winner in my mind.

Mats Larsson, May 7, 2017