Before You Sell that Disappointing Stock: Reconsider

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“It’s really not a good idea to sell anything,” Bill said.

Bill Bonner and I were in Nicaragua for the fifth annual *Bonner %26 Partners Family Office* meeting at Rancho Sant
conference was over, we went to dinner “off campus” for a change of pace.

In pitch darkness, we drove on unlit dirt roads, dodging the occasional cow. We came upon a little town where som
festival was going on, and we had to nose the truck past a parting sea of people.

Then we made a wrong turn and had to double back… and nose the truck past the crowd again… but we eventuall
spot. It looked like a shack with some tables and chairs and lights haphazardly set out near the beach.

“*Dos personas para la cena*,” Bill said to a bearded and tattooed fellow behind the counter.

“What?” came his response.

“Uh, two for dinner,” I said.

“Oh, that we can do for sure.” It was a friendly, laid-back sort of place, run by expats and busy with surfers, backpa
other people drifting through. English was what people spoke.

Never Sell Anything

Anyway, Bill and I settled in at a table by the water and ordered up a couple of Toñas, the Nicaraguan beer of choi

We talked about a lot of different things – wealth, money, building businesses, real estate…

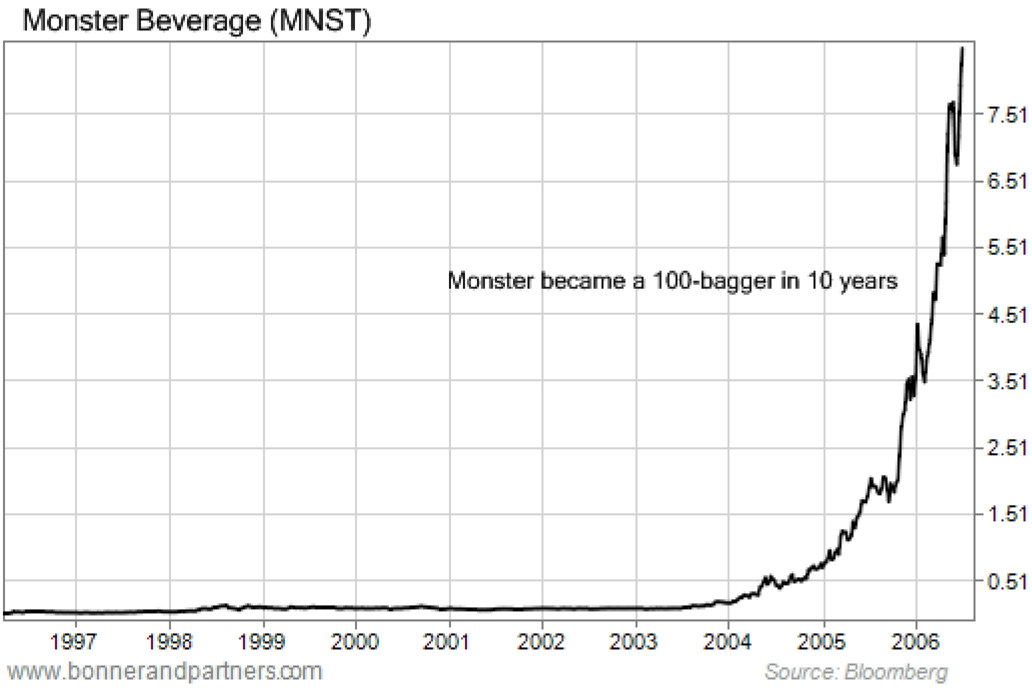
Bill mentioned how it’s not a good idea to sell anything. Well, not anything. He was talking about good assets. I agr
are taxes when you sell. And fees. And then you have to decide what to do with the money, which you may very we
next investment.

Good assets tend to hold their value and even grow more valuable over time. It’s a lesson I learned all over again w
researched my book *100 Baggers: Stocks That Return 100-to-1 and How to Find Them*. (In fact, it’s No. 10 on my li
principles: “You Should Be a Reluctant Seller.”)

One great example of a good asset to hold is Monster Beverage, the famous maker of energy drinks and other bev

Monster enjoyed high profit margins and returns on its capital, two marks of a great business.

It became a 100-bagger in 10 years – a remarkable feat that required a 50% annual growth rate. I count at least 10
occasions where it fell more than 25% during that run. In three separate months, it lost more than 40% of its value.



Yet if you focused on the business – and not the stock price – you would never have sold. And if you put $10,000 in that stock, you would have $1 million at the end of 10 years.

The most stunning gains come when people just leave their stocks alone… and then they wake up shocked by how much they're worth.

Sit Tight and Be Right

If you don't need the money, it's probably best to let your investments ride. Do less and make more. There are many inspiring examples.

In *100 Baggers*, I tell the story of Ronald Read, who was the subject of a *Wall Street Journal* piece in 2015, "Route to an $8 Million Portfolio Started With Frugal Living."

Read was a janitor at JCPenney "after a long stint at a service station that was owned in part by his brother." So how did he make his money?

He had 95 stocks when he died. Many of these he held for decades. He owned Procter %26 Gamble, JPMorgan, J.M. Smucker, Johnson %26 Johnson, and other blue chips.

Not every stock he owned was a winner. But the profits from the winners overwhelmed the losers.

Simple formula. Timeless.

I've got a lot of stories like this, some of them from readers. Here's one:

> I remember as a kid my dad used to grumble about my grandmother because she would complain that she couldn't see well and she had cataracts. He would say, "Well, she doesn't seem to have any trouble reading the newsprint in the *WSJ* when she is checking her Esso stock." [Esso is a brand of Exxon Mobil.] That would have been around 1971 and somehow that is still in the recesses of my mind.
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> Just consider as a young kid if I had just started accumulating Exxon Mobil back then. It would not have taken a genius or much of a stock picker gene. Just buy the largest oil stock in the world that had been around for a hundred years… Just put your blinders on and keep accumulating over a lifetime.
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> No stress, no white knuckles since it has a very conservative balance sheet, no high wire act. So where would $1 back in 1971 in Esso be worth today? By my calculations $418 plus one would have been collecting a juicy dividend all those years.

Bill is right. It doesn't pay to sell. Buy the best assets – ones that produce durable cash flow and can grow – and sit.

Sincerely,

Chris