

## Chapter 1 - 19 Matching questions

1.  What is the key to knowing when to sell?
2.  What doesn't matter when it comes to deciding whether to sell a stock?
3.  Sometimes the market provides you with this reason to sell.
4.  If you see this after several years of success, it's a reason it might be time to sell.
5.  What is the key to identifying wide economic moats?
6.  What are the 5 rules for successful investing?
7.  When might you decide early on to sell a stock?
8.  What is the most common mistake investors make?
9.  Why should investing be a long term commitment to a stock?
10.  Successful investing is based on this ..... Not on this .....
11.  What is the "Best reason of all to sell"?
12.  Most of us would be better investors if....?
13.  What is one simple way to get a feel for a stocks valuation?
14.  Finding great companies is only half of the investment process. What is the other half?
15.  Why are economic moats important?
16.  What do economic moats provide for a company?
17.  When should you consider selling a stock?
18.  What is an economic moat?
19.  As an investor, what should you always be striving to?

## Chapter 1 - 19 Possible Answers

- a If you find you missed something when you first evaluated the company.
- b Figure out how a company manages to keep competitors at bay and earn consistently fat profits?
- c We could just block out all those graphs of past stock performance. They convey no useful information about the future.
- d Companies that have them are often the most superior long-term investments
- e Assessing what a company is worth.
- f Look at its historical price/earnings ratios.
- g
  1. You made a mistake buying it in the first place
  2. The fundamentals have deteriorated
  3. The stock has risen well above its intrinsic value
  4. You can find better opportunities
  5. It takes up too much space in your portfolio.
- h You have too much money in one stock.
- i Because the taxes and the brokerage costs associated with short term trading add up. This creates an almost insurmountable hurdle to good performance.
- j
  1. Do your homework.
  2. Find economic moats.
  3. Have a margin of safety.
  4. Hold for the long haul.
  5. Know when to sell.
- k A firm's competitive advantage
- l Failing to thoroughly investigate the stocks they purchase. Unless you know the business inside and out, you shouldn't buy the stock.
- m Fundamentals have deteriorated.
- n It allows them to achieve above-average levels of profitability for many years.
- o Allocate your money to the assets that are likely to generate the highest return relative to their risk.
- p It offers to pay you a price far in excess of what your investment is really worth.
- q What a stock price has done since you bought it.
- r Personal discipline, not on whether the crowd agrees or disagrees with you
- s Constantly monitoring the companies you own, rather than the stocks you own.