

The Columbus Dispatch

Motley Fool | Don't rush into selling hot stock

Q: One of the stocks in my portfolio has doubled in value. Should I sell it now and buy another attractive stock?

—G.A., Opelika, Ala.

A: If it has come to dominate your portfolio, making up a significant chunk of its value, then consider selling at least some, so that you don't have too many eggs in one basket. Even seemingly terrific companies fall on hard times, and you don't want too much of your money tied up in one stock.

Next, instead of looking backward at the stock's gain, look forward at what you can expect. Do you believe it still has a lot of room to grow? If so, consider hanging on to all or some of your shares. Many great long-term performers double repeatedly over the years.

If, though, after doing some research, you're not so sure about it, you might sell some or all of your shares, thereby locking in at least some gains.

Fool's school: Society and the economy

Great investors, such as Warren Buffett and his partner Charlie Munger, don't just read annual reports or books on investing. Reading broadly can make you a better investor:

- *This Will Make You Smarter: New Scientific Concepts to Improve Your Thinking* by John Brockman (Harper Perennial, \$16). Short concepts are presented by about 150 influential thinkers, covering biology, technology, negotiation and more.
- *Bull!: A History of the Boom and Bust, 1982-2004* by Maggie Mahar (HarperBusiness, \$18). This accessible history of the modern American stock market chronicles how investors fall for bubbles and get crushed by bear markets.
- *30 Lessons for Living: Tried and True Advice From the Wisest Americans* by Karl Pillemer (Plume, \$16). The product of interviews with more than 1,000 elderly Americans, this book offers, among other things, terrific career, financial and relationship advice.
- *It's Getting Better All the Time* by Stephen Moore and Julian Simon (Cato Institute, \$30). Published in 2000 but still quite relevant, this book is a good reminder that, despite the challenges we face, many aspects of modern life have been getting better over time.

- *Life Without Lawyers* by Philip Howard (W.W. Norton, \$16). Howard persuasively argues that Americans' obsession with suing everyone in sight has suffocated people's ability to do what is right. He offers a set of solutions, with laws that both protect society yet are flexible enough to let people make reasonable decisions.

Of course, it's also good to read companies' annual reports and devour good investing books, such as John Bogle's *The Little Book of Common Sense Investing* (Wiley, \$23).