



3 Stocks Investors Should Consider Selling

Description

When trying to decide what stocks to buy, making a choice can be very difficult. But what many people forget is that deciding what to buy is only half the battle. Once you own a stock, how do you know when to sell? Too often, investors sell stocks based on emotional factors. But just like any other decision in life, the decision to sell should be forward looking.

So with that in mind, below are three stocks in which investors have enjoyed nice gains, but should probably sell.

1. TD

At the beginning of last year, **Toronto-Dominion Bank** ([TSX: TD](#))([NYSE: TD](#)) was trading at less than 12 times trailing earnings. Since then, TD has managed to grow earnings, but the share price has risen even faster. Now the shares trade at about 14.5 times earnings.

It is unlikely that TD's business prospects have changed so drastically in just a year; Canadian banking is one industry where things change relatively slowly. And now TD has the most expensive earnings multiple of any of the big banks. So the best opportunity to buy the shares has likely passed, and those who do own the stock can take some satisfaction by locking in their gains.

2. Magna

Back in late 2011, **Magna International** ([TSX: MG](#))([NYSE: MGA](#)) shares were trading below \$35. The company was struggling mightily in Europe, and still was reeling from a generous pay package given to founder Frank Stronach. Seemingly no one wanted to touch the shares, and the stock price reflected that.

Today, the story is very different. The stock trades at over \$100 per share. The European business is recovering nicely. The memory of Frank Stronach's pay is quickly fading. And many people own Magna shares as a way of betting on the recovery of America's auto sector. As a result, the shares are much more fully valued than before. Like TD, now may be a good time to take your profit if you own the shares. And if you missed the rally, it may be too late.

3. Valeant Pharmaceuticals

Like Magna, **Valeant Pharmaceuticals** (TSX: VRX)(NYSE: VRX) was a troubled company that no one seemed to want. It was the product of a merger between two troubled companies, complete with stories of accounting irregularities, poor profitability, and sexual harassment suits. Also like Magna, this was reflected in the company's share price.

Nowadays, the story is completely reversed. CEO Michael Pearson has done a remarkable job of making the right acquisitions and cutting costs. The stock has run up considerably, and now reflects a much greater sense of optimism. But there are still issues with the company, as detailed in [this article](#). Investors may want to take at least some profits.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
2. NYSE:MGA (Magna International Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BHC (Bausch Health Companies Inc.)
5. TSX:MG (Magna International Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

Category

1. Investing

Date

2025/07/26

Date Created

2014/05/13

Author

bensinclair

default watermark