



Bill Ackman Throws in the Towel on Valeant Pharmaceuticals Intl Inc.

Description

Bill Ackman finally dumped his entire stake in the dreaded **Valeant Pharmaceutical Intl Inc.** (TSX:VRX)(NYSE:VRX). There's no question that Valeant has been a destroyer of wealth over the last few years, and there are lessons to be learned from Ackman's sentimental attachment to his losing investment. Valeant shares plunged a whopping 10% on the announcement that Ackman dumped his entire stake, as many of Ackman's followers are now jumping ship as well.

Bill Ackman stood by Valeant through the downfall and even joined the board of directors to attempt to steer Valeant back in the right direction to recoup Pershing Square Holding Ltd.'s massive losses. Things didn't work out well, and Valeant kept falling further into the abyss as the debt problems mounted. Valeant is expected to be on damage control for the next few years as it attempts to raise money from the sale of its non-core assets. Valeant probably won't get a great deal on these sales, because everybody knows the situation Valeant is in; the buyer will be the one with all of the bargaining power.

In a [previous piece](#), I mentioned that Valeant will fail to reinvent itself as a legitimate player in the pharmaceutical space. Sure, the new CEO Joseph Papa has a wealth of experience, but Valeant is a sinking ship, and not even the most qualified man in the world can save this travesty of a company. Charlie Munger referred to Valeant as a sewer a few years back, and he was right on the money.

Valeant is a lost cause, and Ackman knows it. He just got attached to his shares and wanted to salvage what he could. He wasn't able to salvage anything because the company kept falling by default. There were no catalysts, and investors weren't buying Ackman's optimism regarding Valeant.

Ackman could have saved himself and his investors a ton of money if he had discipline and decided to sell when he really realized he'd made a mistake. He admitted his mistake by investing in Valeant a while back, but he decided to hang on to his shares because of his ego.

If you're ever in a similar situation, when your view of a company has taken a 180-degree turn and you've lost all faith in a company, then go with your gut and sell immediately. Don't hang on with the hopes of a rebound because things could get a lot worse before they get better.

There's a difference between hanging on to shares because you still believe in the company and hanging on to shares because you just want to get a better price to dump shares of the company you no longer believe in. Stay disciplined, be patient, and don't get too emotional with your investments. This way you can prevent yourself from pulling a "Bill Ackman."

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