**Buy and Hold v Buy and Sold**

**By Richard Jones**

People are drawn to the market primarily out of the desire to make some of the incredible profits that can be achieved. But all markets have ups and downs which are largely unpredictable. Because of this uncertainty, the market has risk and unrealised profits can quickly turn into losses.

The global financial crisis has confirmed that the **buy and hold** approach, or long term investing, is dead and buried. Whereas the **buy and sold** approach, or trading for profits, is alive and kicking. We need to be traders, not investors to succeed in the markets.

What a lot of people don't realise is that their emotions and bias are the biggest hurdle to successful trading. Putting money into the market can make us fearful or greedy, or both, leading to poor judgment. We also have a tendency to run losses and cut profits, creating a bias to a loss.

The most successful traders have a strategy which overcomes their emotions and bias.
You don't get on a bus just to see where it goes. And you don't get on a bus hoping it will take you where you want to go. You get on a bus that will take you where you want to go, and when you get there you get off. The same applies to trading.

**Buy and hold** is not a strategy because you become subject to your emotions and bias, and end up hoping for an outcome. And as any seasoned trader will tell you, hope is not a strategy.

**Buy and sold** is a strategy because you have an entry and an exit. You choose where to buy and where you will sell. You must be prepared to take profits and, if necessary, to cut losses. Remember, no one went broke by taking profits.

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