

Sage advice: know when to cut losses

By: Daniel Rome Levine April 09, 2007

MY TAKE

A CONVERSATION WITH MONEY MANAGER DENISE M. SEMINETTA



Denise M. Seminetta,
42, director of research,
Premier Asset Manage-
ment LLC, Chicago

Experience: 20 years

Assets under mgmt.:
\$375 million

From this week's Markets

What do you make of recent market volatility?

Ms. Seminetta: I'm actually pretty bullish. The economy is on solid footing and the S&P 500 is trading at just 14 times forward earnings. These drops are great opportunities to upgrade your portfolio. Now is the time to buy high-quality names like Google and Starbucks.

What's the greatest challenge when investing?

Knowing when to sell. We've developed a list of rules to help take the emotion out of the selling decision. For instance, if a stock we buy goes down 8%, we almost always sell it. One of the best pieces of advice I've ever received is cut your losses short and let your winners run.

If you could change one investment decision you made, what would it be?

In late summer 2004, we sold shares of Apple that had doubled from a split adjusted price of \$9 a share just about eight months earlier. We sold to protect our profit, but then the stock went up to \$90. The mistake was not buying it again. Sometimes its very hard to buy a stock at a higher price than you sold it but if earnings are rising, you just have to suck it up and do it.

What's your favorite stock?

One of my favorites is Cognizant Technology Solutions. It's an (information technology) outsourcing company that I first bought in 1999. I still own it and it has exceeded expectations year in and year out.

FIVE TO OWN

Ms. Seminetta's top five stock holdings:

1. MEMC Electronic Materials (WFR)
2. Suntech Power Holdings (STP)
3. Goldman Sachs Group (GS)
4. Amgen (AMGN)
5. Cognizant Technology Solutions (CTSH)

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