

We sell the flowers within a week. We water the weeds for years

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Maxim: *Let your flowers bloom, don't water the weeds* — Peter Lynch

Indian investors book quick profits on their winners and hold on, or even add, to their losers. The regulator's own data shows it, and this year's market has been charging for it.

The hardest sale in investing is not the one that locks in a loss. It is the one you refuse to make.

Look at what happened to the stocks small investors love most. Of the ten small-cap companies with the highest retail ownership, nine fell over the past year, some by more than half, while six of the ten small caps most favoured by mutual funds rose, [DSIJ reported](#) on 10 October. That does not prove retail investors chose badly; plenty else moved those prices. But it is an uncomfortable picture in a year when the Nifty itself [fell about 11%](#) from one Navratri to the next.

When most of a portfolio is red, the few green lines look like the easiest place to raise money. Booking a profit feels like competence. Selling a loser feels like a confession. So the winners go, the losers stay, and slowly the garden fills with the plants you least wanted.

A week for the winners

Picture listing day. You were allotted shares in a hot IPO, and by the first afternoon the screen shows a 30% gain. The app makes selling one tap away. Most people take it. Now picture the other kind of listing day, when the price opens below what you paid. Far fewer people sell. You tell yourself you will wait until it gets back to the issue price.

Sebi measured exactly this. Studying 144 IPOs that listed between April 2021 and December 2023, the regulator found that where shares listed at a gain of more than 20%, investors sold 67.6% of their holdings by value within a week. Where the listing return was negative, they sold only 23.3%, [Business Standard reported](#) when the study came out. The strong debuts were cashed almost at once. The weak ones were kept.

There can be good reasons to sell an IPO quickly; many investors apply only for the listing pop. But the pattern is the same one Peter Lynch warned about. The decision is being driven by the purchase price, the one number that tells you nothing about what the company will do next. A gain feels like a reward to collect before it vanishes. A loss is "only on paper" until you sell, so holding keeps alive the hope of getting back to cost.

Watering the weed

Holding a loser is one thing. Feeding it is another. Ola Electric listed in August 2024 at ₹76 and had fallen steeply by the end of 2025. Over that stretch, the share of the company held by individual investors rose from 12.43% to 29.74%, and the stake of small holders with up to ₹2 lakh more than doubled, [Inc42 reported](#) in February, using exchange filings. Part of that rise came simply because promoters and early investors were selling. But someone was buying what they sold, and the filings

point to small investors, many of them likely averaging down. By March 2026 the shares had hit a record low of ₹21.21, [IANS reported](#).

The habit has a long record. Lynch gave it the garden image in *One Up on Wall Street* (1989): selling what works and keeping what does not is like pulling out the flowers and watering the weeds. Warren Buffett borrowed the line in his [1988 letter](#) to Berkshire shareholders. A decade later, Terrance Odean studied 10,000 accounts at a US discount broker and found that the winners investors sold went on to beat the losers they kept by [about 3.4 percentage points](#) over the following year.

The most patient gardener in Indian markets is not a person at all. Of the 30 companies in the original 1986 Sensex, only Reliance Industries, Hindustan Unilever and ITC have never left the index, [Business Standard noted](#) in January. The index does not sell a company because it has risen. It lets winners grow into a bigger share of the whole and drops companies only when they shrink out of relevance. Investors tend to run the opposite system, and pay for it.

Telling a flower from a weed

The maxim is not “never sell a winner” or “never sell a loser”. It is: judge each holding on what it is now, not on what you paid. That needs a different test for each part of the garden.

For a stock, separate the business from the price. A company whose sales and profits keep growing, with debt under control, is a flower even after a fall like this year’s. One whose results have weakened for several quarters, or that keeps raising money to stay afloat, is a weed even if it looks cheap. The quarterly results on the NSE and BSE websites tell you more than the price chart, and a falling price is never on its own a reason to buy more.

For an equity fund, look past the last twelve months. Compare its three- and five-year returns with its benchmark and category on the factsheet. A fund that has lagged for several years in a row, especially after a change of manager or mandate, deserves a hard look; one that dipped with the whole market has not failed you. For a bond, a price fall caused by rising interest rates is weather, while a rating downgrade is a weed in the root.

There is one honest reason to trim a flower: it has grown so large that it now dominates your risk. That is rebalancing, and it should run on your plan and your calendar, not on the day’s headlines.

If you do one thing: Cover the “buy price” column on your portfolio statement before you decide what to sell or what to top up. For each holding, ask whether you would buy it today at today’s price. Sell from the ones where the answer is no, and add only to the ones where it is yes.

The investors in Sebi’s study were not foolish. They were doing what feels natural. Odean’s investors did the same a generation earlier, and it cost them. The fix is not a better forecast. It is a better question, asked of every holding in turn. Gardens are kept by people willing to pull the right plant.

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