There are Two Ways to Avoid Investor Overkill

I wrote in March 1991:

> *Listen to me and listen to me hard as I tell you that investors miss the boat over and over because (1) they insist on timing the market, (2) they insist on investing with emotion keyed to events of the moment, and (3) they steadfastly refuse to buy when news is bleak. It's the old buy-high-sell-low game again and again.*
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> *Most investors regularly equate action with profits. But you don't want a lot of action in your portfolio and you only need to follow a handful of indicators and a handful of investments. Most investors simply cannot help themselves, and that leads to Investor Overkill. The eye is just not kept on the ball. Make it easy on yourself—follow my advice and follow it today.*
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> *I don't have all the answers. No one does. But I have built my own family portfolio to a seven figure level from ground zero by practicing the very basic slow-and-steady-wins-the-day disciplines I bring to you monthly. I started without a dime (no exaggeration) back in 1964, and I have spent 26 [ed. note, now 55], as a professional investment advisor practicing what I preach.*

Investment Overkill still exists today. There are two ways to avoid it:

1. Keep your investment plan simple. Don't try to do too much. As an individual investor you lack the resources and time your competitors, institutional investors, can call into battle against you at any time.

2. Hire a professional investment advisory to help you achieve your investment goals.

You can get a better understanding of the value offered by an investment advisory by signing up for the monthly client letter from my family run investment counsel firm, Richard C. Young & Co., Ltd. The letter is free even for non-clients. Signup today by clicking here.

Do You Have the Tools to Carry Out Your Investment Plan?

I regularly meet investors who are going it alone. They are overwhelmed with choices and have little or no investment planning experience. Back in December of 1986, I told investors that they need a game plan and the tools to carry it out. I wrote:

> *"'It was an overcast day.'…Everything on the beach came to a halt…When he passed out 40 Redsand volleyballs,…'it looked like it had rained radioactive bowling balls.'"*
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> *These graphic quotes from Bruce Anderson's recent "Shoptalk" column in Sports Illustrated describe the beach scene at Manhattan Beach, California when Olympic volleyball star Steve Timmons' newly designed, shocking yellow volleyballs were passed out.*
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> *It was a great article on Steve and his new sports product. Steve Timmons has become somewhat of a Southern California volleyball legend. With his Grace Jones-style red flattop and standing 6'5", Steve, like his shocking yellow volleyballs, is*

hard to miss.

I was initially drawn to the Timmons article because I am a long-term volleyball fan and had just recently spent time watching professional volleyball at Laguna Beach. The Sports Illustrated article described the U.S. Olympic team MVP and gold medalist as a "terminal" player, the type of player who is so dominant that "when he hits or blocks a ball, the point is usually over."

A "terminal" player—strong words with meaning going beyond the world-class player volleyball circuit. The word terminal has a finality to it that few words possess. We would all like to view ourselves as having the ability to drive home the terminal point. One place that such a skill would be most beneficial is in the financial markets, a place where everyone wants to be a winner. But to possess the skill of the "terminal" player takes more than desire.

You need a game plan and the tools to carry it out.

My family-run investment counsel firm can help you develop a game plan and carry it out. If you would like to be contacted by a seasoned advisor who can help you set and achieve your investing goals, please fill out the form below.

Four Ways to Win the Investment Horse Race

In 1993, Julie Krone became the first, and still only, female jockey to win the Belmont Stakes. As Julie, riding Colonial

Affair, rounded the first turn, they sat in sixth place. A horse named Antrim Road had dashed out way ahead, taking a big risk with a fast pace.

As the horses came into the far corner, Cherokee Run took the lead, and still, Julie and Colonial Affair remained in sixth place. Then as they turned for home, Julie's patience paid off. The five horses ahead of her had risked it all and gotten tired.

Julie had conserved energy and came on strong in the end to win. Finishing second and third were Kissin Kris, and Wild Gale. All the way back at ninth sat Antrim Road, who had risked it all with the big start. I wrote about Julie in October 1993:

> *A Heavyweight at 95 Pounds.*
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> *As Julie Krone made the final turn for home in the Belmont Stakes, she realized she was about to capture one of the horse racing's most prestigious Triple Crown events. Later, sitting proudly in the winner's circle, the enormous self-confidence of this 4' 10-1/2" jockey was clearly visible to even the most casual admirers and well-wishers.*
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> *Self-confidence has made this diminutive young lady a champion. When you consider the massive energy of a 1200-lb. race horse at full gallop, it's not hard to have the greatest respect for a 95-lb. rider with the confidence to rise to the pinnacle of her sport.*
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> *My goal each month is to give you the strategies you need to generate the same level of confidence in your investing s Julie Krone displays in the fast and dangerous sport of thoroughbred horse racing. The development of confidence takes time. It takes dedication. It takes consistency. With consistency comes confidence.*
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> *LANDMARK RESEARCH ARGUES AGAINST MARKET TIMING*

> *Recently published results by Professors Chandy and Reichenstein of the Universities of North Carolina and Balor, respectively, show the consistency of long-term returns on the S&P 500. The professors found that by omitting the best 50 months of performance from the stock market's 1926-1987 return, absolutely all the S&P's gains for the entire 61-year period are wiped out. Being out of the market during much of the 50 months would have been a killer to a portfolio.*
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> *One of my foundation tenets is that you should not attempt to time the market. Stay fully invested at all times; do not trade in and out. This does not mean that you should not minimize risk (always your first job) and maximize potential total return (appreciation and dividends or interest). You do this by properly diversifying your portfolio to reflect (1) the stage of the economic cycle, (2) momentum in interest rates and inflation, (3) interest rate spreads between fixed-income securities of differing maturities and (4) the current yield of common stocks in general.*
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> *These four criteria are objective, clear signs that require no work from you. You do not base your decisions on guesstimates of the future. And you certainly do not engage in market timing.*

A steady approach is best for both jockeys and investors. Don't beat yourself in the investment race by creating volatility in your portfolio with market timing. You may miss out on the best days the market has to offer.

If you would like to learn more about the steady investment approach used by my family run investment counsel firm, sign up for the free client letter email alert from Richard C. Young & Co., Ltd. Each month you'll read an update on our investment philosophy. The alert is free, even for non-clients. You can signup by [clicking here].

This is the Most Persuasive Test of High-Quality Investing: Does Your Portfolio Pass?

Of all the ways you can test the holdings in your portfolio, Ben Graham codified what he called the most persuasive in his book *Intelligent Investor*. Companies paying dividends for 20 consecutive years were first on Graham's list of high quality. I explained high quality to readers in August 2007, writing:

> ## *Laurent & Villchur…*
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> *Back in 1967, Acoustic Research's demonstration room on Mount Auburn Street in Cambridge, Massachusetts, was ground zero for state-of-the-art high fidelity. My experiences in Cambridge led me to buy the Acoustic Research AR3 speakers and AR turntable that I am playing today, four decades later, as I write to you. And I am also using the same Dynaco PAT-4 preamplifier and Dyna Stereo 120 power amplifier that first powered my AR3s 40 years ago. AR's founder Edgar Villchur and Dynaco designer Ed Laurent were the legendary forces behind this ground-breaking equipment. Today, as I play Johnny Lytle's The Loop, Jack McDuff's Tough 'Duff and The Beatles' Sgt. Peppers, the sound from vinyl is every bit as warm and enjoyable as it was with my earliest AR/Dynaco experiences back in the 1960s.*

Vinyl for Warmth

CDs were never collectible and never matched vinyl for warmth. I own a number of high-fidelity systems, including a dearly priced and excellent Conrad Johnson-based reference system. But for day-to-day listening, I turn on my AR/Dynaco system and records—no question about it.

45-RPM Tops

All of this, of course, flies in the face of music industry hype for CDs and downloads, the ultimate in a low-fidelity music experience for the masses. While perfect for jogging and the Wal-Mart experience, this is not high fidelity. And the cherry on the cake of my musical high-fidelity experience for you is the revelation that sound from a properly mastered 45-RPM record is best of all. If you ever saw the classic 1982 movie Diner, you may remember the scene in which Shrevie utters, "Every one of my records means something." Vinyl was and remains the way to go. What I find most encouraging is that young listeners are coming into the vinyl market every day.

Treasured Since 1934

As I write to you today, the single investment book on my desk is the same book that was on my desk when I began in the investment business at Clayton Securities in 1963. Graham, Dodd & Cottles' Security Analysis is as treasured as it was since its first edition in 1934. Like high fidelity, the guts of investing have really not changed so much through the decades. Compound interest, value, and patience are still the key. Ben Graham was fond of saying, "One of the most persuasive tests of high quality is an uninterrupted record of dividend payments for the last 20 years or more." In his Intelligent Investor, Graham followed up with, "Indeed, the *defensive investor might be justified in limiting purchases to those meeting this test." Nothing has changed.*

Dividends Since 1893

Coke began paying a dividend in 1893, Exxon in 1882, GE in 1899. Things sure have gotten different, haven't they?

Uninterrupted streams of dividends can lead to a cascade of compounding in your portfolio. Click here to learn more about the value of compound interest, and in particular the powerful Coca-Cola Story.