How I Overcame My Biggest Investment Failure

Back in 1991, I had already been through multiple business cycles in my investing career. I wanted to teach investors how to avoid my biggest failure in investing up to that point. Here's what I wrote:

> ***Reduce Risk with Betas***
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> *Not only do I want to help you achieve an "A" in total-return performance, I want you to achieve this return with as little risk as possible. In the stock market, the words risk and volatility are synonymous. I want you to concentrate most of your efforts on stocks that are less volatile than average.*
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> *What you need to know is a stock's beta, or the measure of its volatility. A stock with a beta of 1.0 has characteristics of volatility that equal the average stock. A stock with a beta of 0.8 is only 80% as volatile as most stocks. A stock with a beta of 1.3 is 30% more volatile than most stocks.*
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> *You want to achieve your…goal with as little volatility as possible. You will sleep better with less volatility and will be able to ride out market downturns fully invested with a large degree of comfort. You will be most comfortable with stocks that have betas of 1.0 or less.*
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> *Remember, over time the stock market advances in seven of every ten years. Over the years, my biggest failures have come from missing the boat or being under-invested during major market moves. When times were tough, I missed the boat because I was too hesitant to invest, and during recessions I was under-invested. No more. Today, I never miss the boat because I am always in the boat, and I want you to remain in the boat along with me. It is simply a matter of ensuring how you are*

> *balanced in the boat so as not to be rocked out in rough water.*
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> *Don't forget, because the market goes up in seven of ten years and down in only three, you always want to be in and stay in the game.*

Remaining invested and focusing on lower beta equities will help you stay in the game. In Young Research's Retirement Compounders® investment program, average beta today runs at 0.76. The program comprises dividend-paying common stocks selected from the over 40,000 publicly traded companies around the world. The Retirement Compounders® program favors high-dividend payers, those with a history of dividend payments, and companies with a long record of consecutive dividend increases.

The Retirement Compounders form the basis of equity investing at my family-run investment counseling firm, Richard C. Young & Co., Ltd. If you would like to receive regular updates on the equity strategy implemented at our firm, please sign up for our monthly client letter (free even for non-clients) by clicking here.