

# ***Richard Young Reports: 50+ Years with Fidelity and Wellington***

I started in the institutional research and trading investment business at Model Roland & Co. on Federal St. in Boston in August 1971. Just up the street from Model were Fidelity Investments, and Wellington Management, both of whom I called on from my very first hours on the job.

Over five decades ago, Ned Johnson, aka “Mister Johnson,” ran the show at Fidelity. At Wellington, Jack Bogle, “Mr. Mutual Fund,” had not yet left Wellington to start Vanguard.

My focus in the initial going was international research and trading, and remains so today all these decades later. I still consider Fidelity and Wellington the industry leaders.

Both firms feature great cultures, industry-leading technology, well-rounded investment programs for individuals, families, and small businesses—the type of folk I hoped to be associated with throughout my investment career.

Not a business day goes by that one of my associated companies is not involved with one or more of Fidelity or Wellington’s services.

I never would have expected, as I started out in August 1971, that I would be working with Fidelity and Wellington for over 50 years.

In Wellington’s case it, to this day, manages hundreds of billions of dollars in blue-chip, “prudent man rule” quality investment mutual funds.

In the early '90s, Wellington's chief investor relations officer informed me that I directed more mutual fund assets Wellington's way in a given year than did the rest of the combined American investment newsletter industry.

And now in 2021, with our little family investment management company requiring a cutting-edge custodian for our \$1.3 billion-dollar conservative Boston-style management company we, not surprisingly, rely on Fidelity.

*Your Survival Guy*, hard to believe, joined my family business over two decades ago. But before that, he was at Fidelity which he too recalls as being run like a family business. He writes:

*When I joined the family business [Fidelity], I was Fidelity employee number twenty-something-thousand. I helped customers/participants of Fortune 500 companies manage their money in this fairly new savings vehicle known by its IRS code: 401(k). It turned out to be a thing. I'll always remember how CEO Ned Johnson III ran the firm like the family business that it was.*

*In memos to employees, Mr. Johnson wrote to you as if you were seated around him at the dinner table. Business first, then, after some red wine and dessert (and maybe a piece of dark chocolate for digestion; because he was into taking care of one's health) he'd leave you with something to think about—like his favored Japanese philosophy Kaizen, meaning constant improvement. Reading his memo in my little cubicle, not at his dinner table, I truly believed that through small steps—like compound interest—I could become the best version of myself. Then it was back to stuffing checks into envelopes.*

*We need to be reminded of this in times like these. Because when a video game company you typically see at the Mall can stop the market in its tracks, you need to figure out if you're doing everything you can to protect your money. Are you*

*with an investment company that treats you like a family member? Take a look at the brokerage firms selling their clients' (I hope not yours) trading patterns to their other customers—these are household names that may (or may not) surprise you. Pay attention.*

**Action Line:** *Get your money with a firm that treats you like family. Too many investment firms are profiting from you, for example, with your information without you even knowing it. And don't get me started on how they use your cash to lend out to others and pocket the profit.*

P.S. Read more about how I got my start at [Model Roland & Co. back in 1971, and gold's 50-year price explosion.](#)

---

# Marry Compound Interest, Divorce Market Timing

*Update 2.22.2021: The Dow Jones Industrial Average Index closed at 31,494.32.*

*Originally posted August 3, 2018.*

This week a long-time reader contacted me looking for some insight he could pass along to his children about the dangers of market timing. I've written on the topic many times over the years and wanted to share something he might find compelling. In April of 1996, I wrote about how three of Wall Street's bright minds had completely failed while attempting to make market timing predictions about the future of the Dow Jones Industrial Index. Back then my advice was—as it is now—marry compound interest, divorce market timing. I wrote:

*Market timing is a bankrupt strategy whose time has never come. The following three market predictions will alarm you. (Keep in mind, the Dow is now over 5500!) (1) On 24 February 1995, from the head of a major Wall Street investment management firm, "We won't materially break 4000 until well into the next millennium." (2) On the same date, from the head of institutional equities at a major brokerage firm, "Dow 5000 is not going to happen in my lifetime." He's still alive as far as I know. (3) On 25 May 1995, from a well-known market cycles technician, "This high (Dow) represents a gift last-chance selling opportunity (Dow 4500) before the big bear growls at the Dow. We expect the largest decline in stock prices since 1990." Each of these forecasts was a disaster, of course, and cost followers of this advice a bundle in missed opportunity.*

*I have never in 32 years of investing suffered so much as one significant loss—not one. This is because I invest for the long term keyed to harnessing the awesome power of compound interest. The key to Warren Buffett's long-term success has been buying easy-to-understand companies with unmatched franchises and holding for the long term to allow the miracle of compound interest to do its work. If you marry compound interest and divorce market timing, you will find prosperity beyond your wildest dreams. If I can help you in only one way in your personal investing, it is to first and foremost harness the awesome power of compound interest through low-turnover, low-cost, long-term investing.*

By the end of 1996 the Dow was trading well above 6400 and has never fallen below 6000 again. The market timers' predictions were completely wrong. Building a strategy based on compound interest and regular streams of income in your portfolio was absolutely right.

Ken, I hope that helps, and thanks for all the years of loyalty.

After over five decades I haven't changed my investing strategy, and I hope you won't either if you're investing along with me.

---

# Gold's 50-Year Price Explosion

*Originally posted on July 27, 2020.*

## Part I

I was there from the start. In early August 1971, I had just joined internationally focused research and trading firm Model Roland & Co.

On 15 August 1971, President Nixon shocked the world by announcing that the U. S. would no longer officially trade dollars for gold. At that time, gold's fixed price was \$35/oz.

By 1980, gold would hit an astronomical \$800/oz.

OK then, back to Model and the firm's wonderful head partner Leo Model. From my first day onboard at Model, I started covering a bevy of major Boston institutional accounts. I was 30 years old, and I would become friends with analysts, portfolio managers and traders at Wellington Management, Fidelity Investments, First National Bank of Boston, State Street Bank, State Street Research, Endowment Management, Studley Shupert, and Keystone Management through my entire investment career on Federal Street in Boston.

I immediately realized that international trading (including gold shares and arbitrage), as well as monetary strategy and world currencies, was going to be my focus from August 1971 onward.

Five decades later, these subjects remain today my daily focus. I have been a buyer of gold, silver, and Swiss francs for decades, and I have never sold a single one of my positions.

By 1972 I was off to London on a mission for Leo Model. My job was to produce a strategy report for Model, Roland & Co on the international gold shares market. It took eight days in London to meet all the insiders with whom Mr. Model had arranged visits. Except for a single, most unpleasant glitch, (understatement) all went well.

I went on to submit a 25-page strategy report to Mr. Model. Shortly thereafter I was informed that Mr. Model had sent my report along to the firm's chief monetary guru, one Edward M. Bernstein, one of the architects of the Bretton Woods monetary agreement.

Remember, I was 31 years old, and quite terrified to hear that EMB had been brought into the loop.

On 7 August 1972, I received the surprise of my young life: EMB wrote back on his corporate letterhead:

*I think the collection of papers on gold is excellent. It seems objective and pointed. I have no suggestions. Put me on the list to get what you put out on gold.*

*Sincerely,*

*Edward M. Bernstein*

Although I did not know it at the time, a year later, I would no longer be at Model, Roland.

Check back in with [richardcyoung.com](http://richardcyoung.com) for my introduction Part II and the kickoff of our industry-leading precious metals, currencies, monetary madness, fed maleficence and dollar destruction weekly update.

Warm regards,

Dick



This slideshow requires JavaScript.

---

# Every Investor Must Have a 5/10% Gold Hedge

*Originally posted August 11, 2020.*

Jeff Deist of [LewRockwell.com](http://LewRockwell.com) writes abridged:

*Fed Bugs are people with a faith-based belief in the power of central banks (and central bankers) to engineer economic growth using “monetary policy, “despite decades of history and current evidence to the contrary. They believe tinkering with inputs and rates and velocity and flows somehow makes us richer in terms of productivity, goods, and services. They believe in financial alchemy, as economist Nomi Prins puts it, rather than precious metals.*

*They believe paper has value so long as government issues it and legislates its use.*

*Central bankers almost by definition are Fed Bugs, but so are most monetary economists, financial journalists, and politicians. And they all hate gold with a passion.*

*The reasons why are multifarious, but ultimately flow from their fundamental resentment of any money they do not control and cannot design. Central planning requires central money, and gold stands apart by its very decentralized nature. It is indifferent to human conceptions, and can be discovered and summoned from the earth only with tremendous risk and effort. It cannot easily be manipulated or destroyed, and its value cannot be decreed (though they try mightily). It is unchanging, unyielding, and stubbornly at odds with the political visions of Fed Bugs.*



*And so they hate it.*

*Gold quietly serves as a lingering rebuke of the entire political fiat money project—even as central banks are forced by circumstances to buy and hold it as collateral, as the ultimate hard currency and liquid asset for their balance sheets. In fact, central banks steadily bought or repatriated huge amounts of physical gold in recent years, despite the supposedly strong world economy prior to the Covid crisis.*

*Nixon eliminated the right of foreign governments to redeem US dollars for gold in 1971.*

*Jeff Deist is president of the Mises Institute, a tax attorney, and a former staffer for Ron Paul.*