Why Mutual Funds No Longer Work for Your Retirement

My recent study covers four of the most widely owned equity-based mutual funds.

1. Vanguard Equity Income
2. Vanguard Dividend Growth
3. T. Rowe Price Dividend Growth
4. Fidelity Dividend Growth

Here's the 10-year compounded growth rate for each:

- T. Rowe Price Dividend Growth 12.0%
- Vanguard Dividend Growth 12.0%,
- Vanguard Equity Income 11.7%
- Fidelity Dividend Growth 10.0%.

Today, each of these four multi-billion dollar funds has become far too big to allow crafting a portfolio with a suitable number of stocks that would meet my criteria. There are simply not enough publicly owned candidates.

Note how the long-term returns for all four of these funds are basically the same. In fact, the numbers for two are precisely the same.

Given these insurmountable roadblocks, your proper option is to stick with individual stocks.

For over three decades my family-owned investment firm has managed individual retirement portfolios (both current and future), comprising individual stocks (as well as bonds) meeting the rigorous dividend criteria I have written about since the early 1970s.

Each hand selected stock must pass my dividend tests of quality, seasoning, and liquidity.