

Stock Market Investing for a Secure Retirement

Here's why I don't follow the meaningless price or market capitalization stock market averages, especially the likes of the Dow and S&P 500.

- The S&P 500 Index: only 50 of the biggest cap names account for more than 50% of the total S&P500 Index.
- The Dow 30: only 10 of the highest priced stocks account for more than 50% of the total Dow Jones Industrial Average.

No thanks to index investing in either the Dow or the S&P.

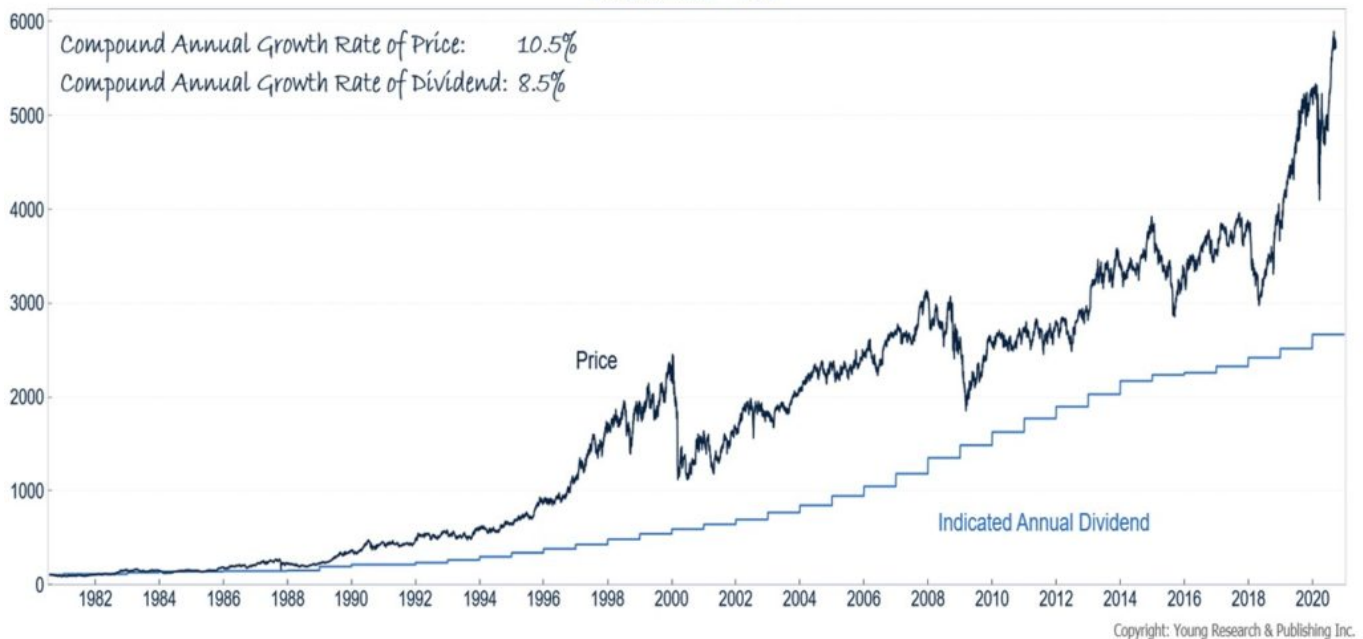
Dick Young's Investment Rules

Why savvy investors saving for a long and comfortable retirement should always follow RCY's guide in crafting balanced portfolios:

1. RCY: I rarely invest in stocks that (1) pay no dividend or (2) have not increased shareholder payout for years.
2. RCY: I don't like companies with high P/E ratios. In fact, stocks with single-digit P/Es are most appealing.
3. RCY: Consumer expenditures account for \$7 out of every \$10 of real GDP, so I use Vanguard's broad Consumer Staples ETF portfolio as a handy shopping list for many of my individual stock purchases. This allows me to craft portfolios with an average yield of nearly 3%
4. RCY: I also insist on long-term annual dividend growth.

Over the long term, stock prices most often follow dividend increases upward.

Procter & Gamble
Dividend & Share Price
07/28/1980 = 100



Once you construct a conservative portfolio in a low interest rate environment like the one we face today, cash flow can be readily enhanced with a modest, replaceable draw from principal. By example, a client wanting a 4% annual portfolio draw can withdraw temporarily an additional 1% from principal annually.

Don't forget, each year your portfolio receives more cash from increasing dividends, your yield on initial investment goes up. Talk about a winning hand.

How You Should Invest Today: Part II

These two charts (below) on Dover Corp. and Procter & Gamble show you long-term compounded dividend and stock price growth for both.

In both cases, the long-term trend shows a pattern of consistent annual dividend growth matched with long-term stock price appreciation.

In Dover's case, the dividend has compounded at an 8.9% rate of growth and the stock an even stronger and equally consistent 10.9%. For P&G the numbers have been 8.4% and 10.4%.

What you are looking at in both instances is decades of consistency, stability, and comfort for shareholders.

At our family investment counseling company, these are the only kind of companies we invest in for clients. Our master list of potential portfolio companies includes only companies with similar long-term records.

We never even consider companies without long-term records of dividend growth.

I have been writing about consistency, stability, and compound growth for five decades. And underpinning every report has been a foundation of dividends.

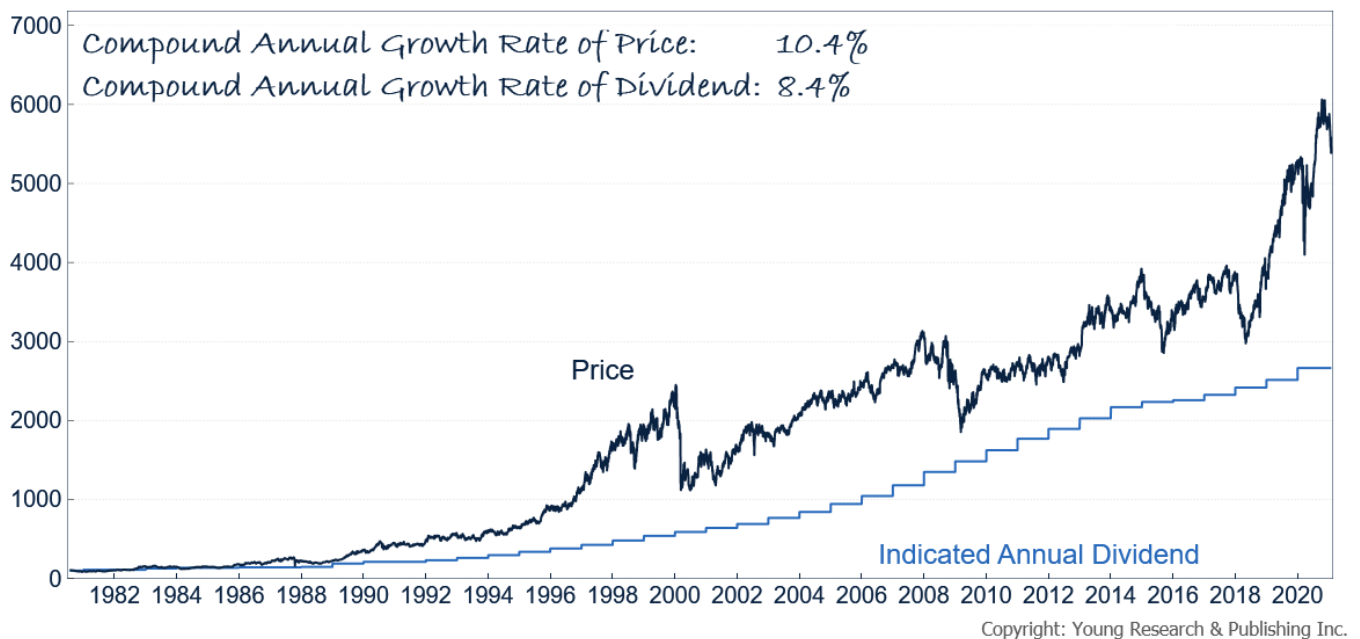
When you concentrate on dividend growth and stability, you never have to think about capital appreciation. It will take care of itself as my charts on P&G and Dover Corp. demonstrate, as long as the dividend is growing.

So, the easy lesson in this second part of my "how to invest today" series is to make dividends your password to investing both now and in future years.

Dover Corp.
Dividends & Share Price
07/28/1980 = 100



Procter & Gamble
Dividend & Share Price
07/28/1980 = 100



Read Part I [here](#).

How You Should Invest Today: Part I

Charles Dow created the [Dow Jones Industrial Average](#) (DJIA) in 1896. Originally the Dow had 12 companies:

American Cotton Oil; American Sugar; American Tobacco; Chicago Gas; Distilling & Cattle Feeding; General Electric; Laclede Gas; National Lead; North American; Tennessee Coal and Iron; U.S. Leather; U.S. Rubber

Not one of the original 12 DJIA stocks remain today as DJIA components.

That tells you the first couple of things you need to know in becoming a successful long-term investor.

First to remember, any stock average or index is not static, but is a revolving door. That is why I have never been interested in comparing my own investment record nor that of my clients against any average or index.

Second, most are either market capitalization (S&P 500) or price (Dow 30) weighted. Why would I want to consider my own investing program in comparison to two groups of stocks organized in a format that I would not dream of deploying myself?

So, where do you start? It is quite easy: Concentrate on diversification, dividends, compounding, and, above all, patience.

For something that doesn't sound too hard, in my experience over five decades in the business of counseling investors, this seemingly easy menu is almost impossible for the individual investor to grasp.

In Part II of my series, I will help you get on just the right

track to begin your journey as a comfortable and successful long-term investor.

US Dollar Craters vs Swiss Franc

Since last spring, my clients and I have been buying Swiss francs and lately Swiss franc denominated, dividend-paying equities.

What's behind the dollar's collapse? Too many dollars relative to Swiss francs are being printed. It's no more complicated than that.

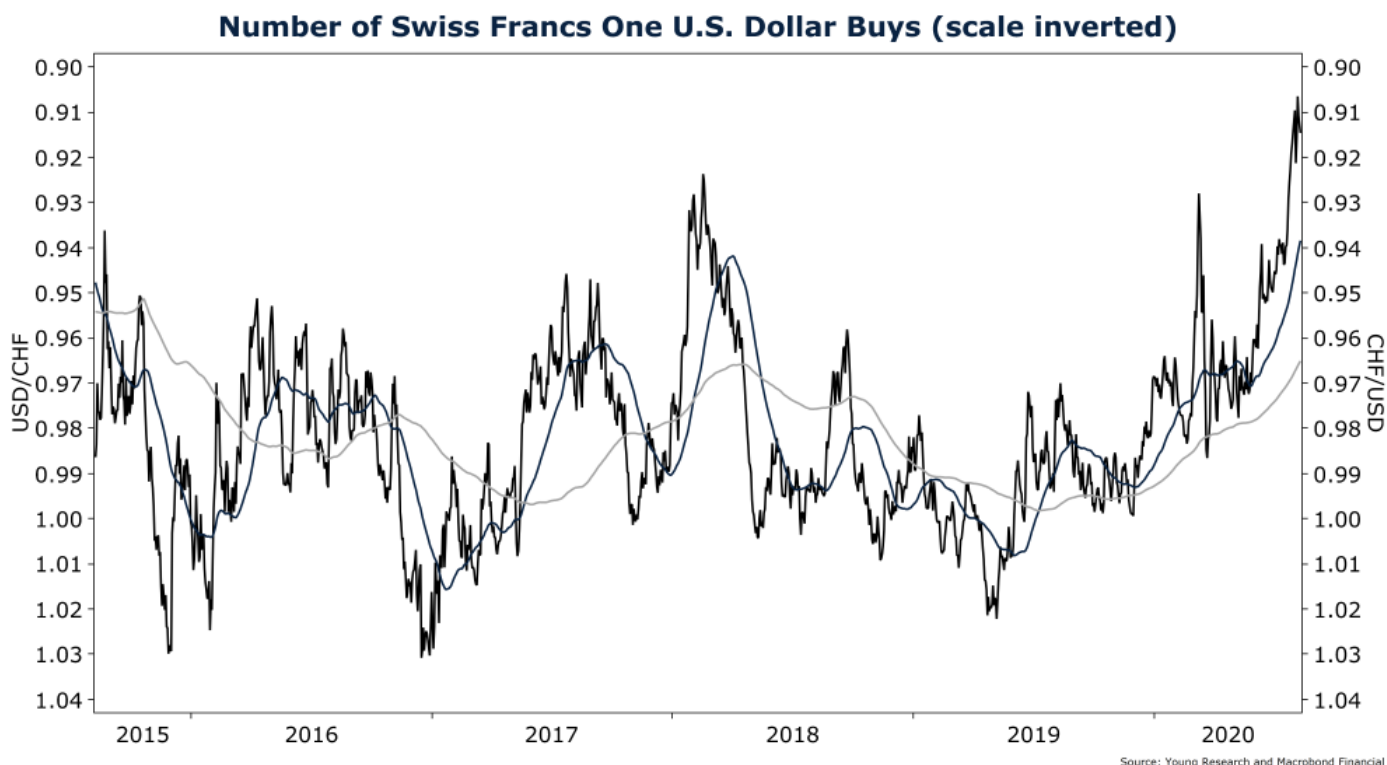
It is the Fed who is responsible for debasing the currency.

The Fed's "private club" was introduced by Woodrow Wilson, America's worst president, in 1913.

Since then, the Fed has increasingly muddled with the economy in total opposition to its original intent.

I have written often that I would return the Fed to its founding principles prior to shuttering it for good.

In the meantime, the dollar will remain on thin ice.



Monetary Heart Attacks Likely to Lead to S&P 500 Crash

My charts (the Fed's EKG) on high powered money and M2 growth point clearly to undisciplined chaos at the Fed.

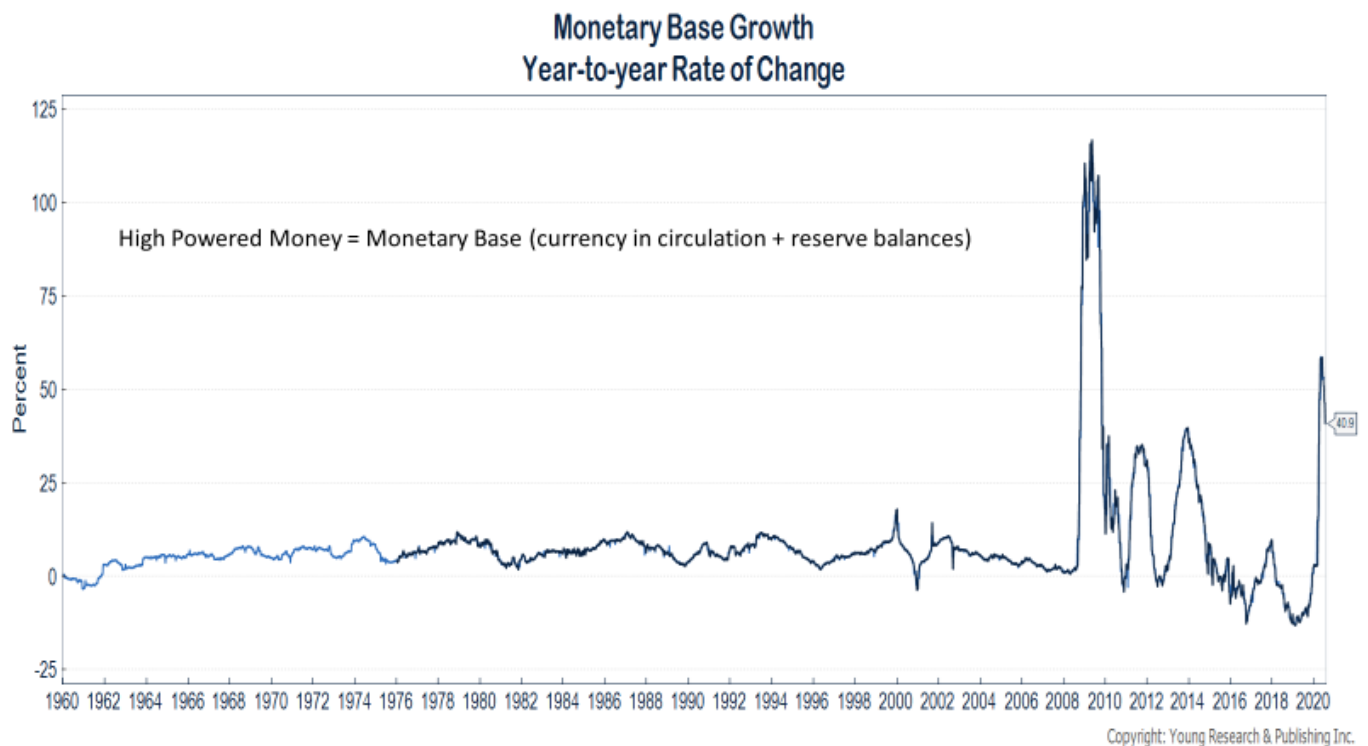
Do you see any instance of such chaos in preceding decades? No!

Indeed, payday will arrive.

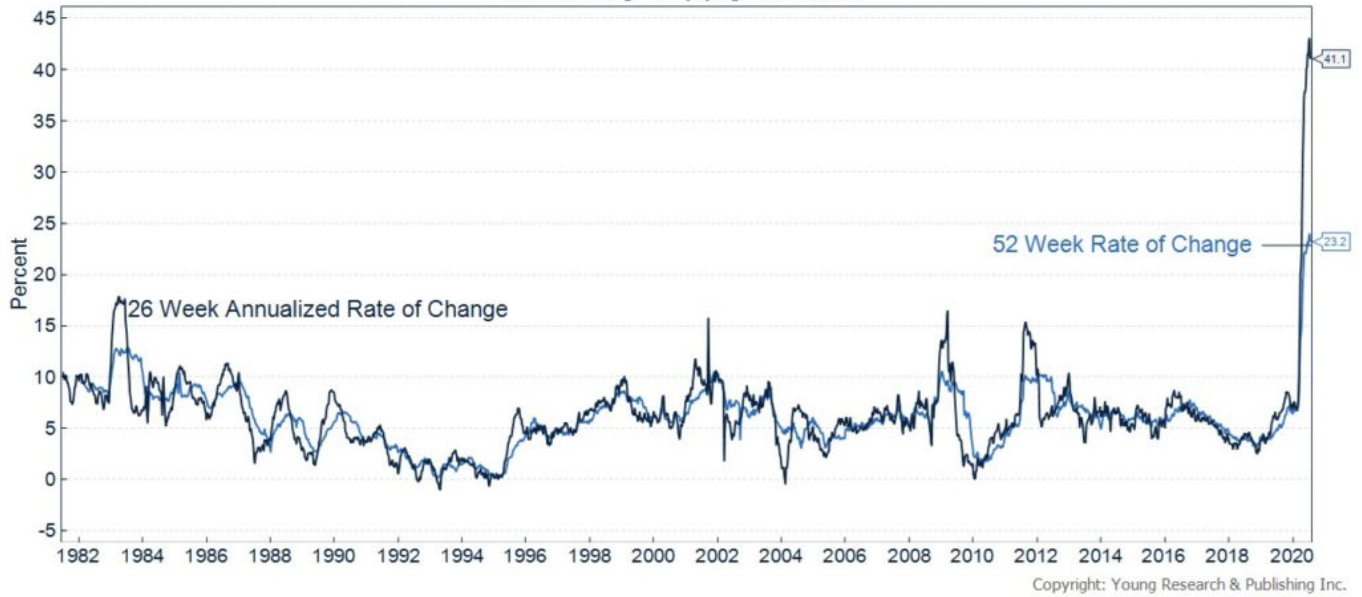
The table indicating my own program of gold buying gives you a look at one of a number of moves I made last spring to balance myself for the inevitable comeuppance.

At our [family investment counsel firm](#), we emphasize ongoing strategy discussion, featuring new issue corporate bonds,

dividend-paying Swiss franc denominated stocks, and currency and especially high US dividend-paying blue chips. Our laser-like concentration is on companies that have increased their dividend for decades.



M2 Money Supply Growth



M2 consists: currency outside of the U.S. Treasury, Federal Reserve Banks, and the vaults of depository institutions, traveler's checks of nonbank issuers, demand deposits, and other checkable deposits, savings deposits (which include money market deposit accounts, or MMDAs); small-denomination time deposits (time deposits in amounts of less than \$100,000); and balances in retail money market mutual funds.

Dick Young Gold Buys SPDR Gold MiniShares Trust



Dump All Low Yielding US Treasuries Now

Today we have a situation where the Fed has forced individual investors with life-time savings to subsidize corporate buybacks, acquisitions, and Wall Street banking industry borrowing and speculating. It's what I call de facto robbing and stealing.

In reality, the Fed is nothing more than a private club to favor corporate and banking elites.

When the Federal Reserve was first established in 1913, Congress directed it to "furnish an elastic currency, to afford means of rediscounting commercial paper" and to establish a more effective supervision of banking in the U.S.

The Fed's duties should have been left there. But no ...

On 27 October 1978, President Jimmy Carter signed into law the Full Employment and Balanced Growth Act. The act requires the chairman of the Federal Reserve to connect the monetary policy with the president's economic policy.

I would look to nullify the act in its entirety.

If the Fed is retained, its purpose should be confined to the narrow founding definition, and nothing more.

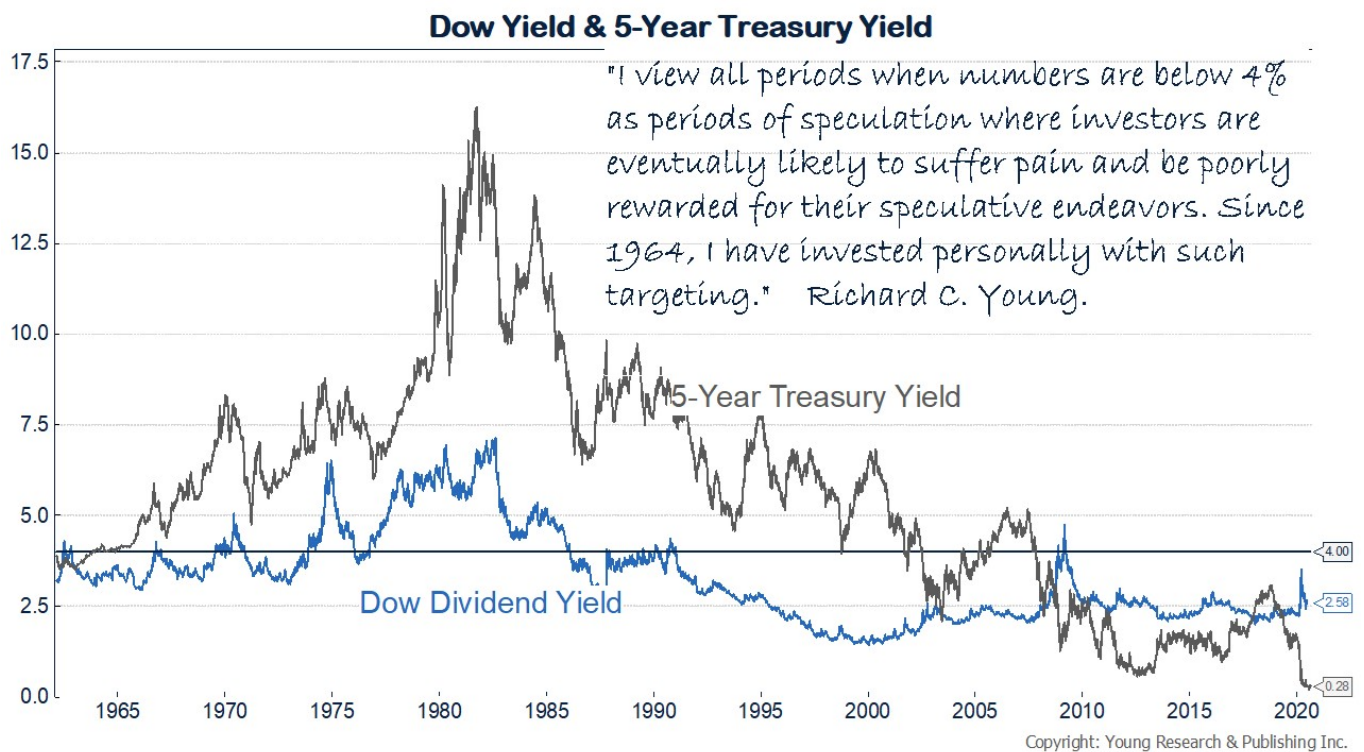
My two charts (below) indicate the circus climate the Fed has promoted today. Whenever interest rates stand below 4%, the economic and monetary system is out of whack.

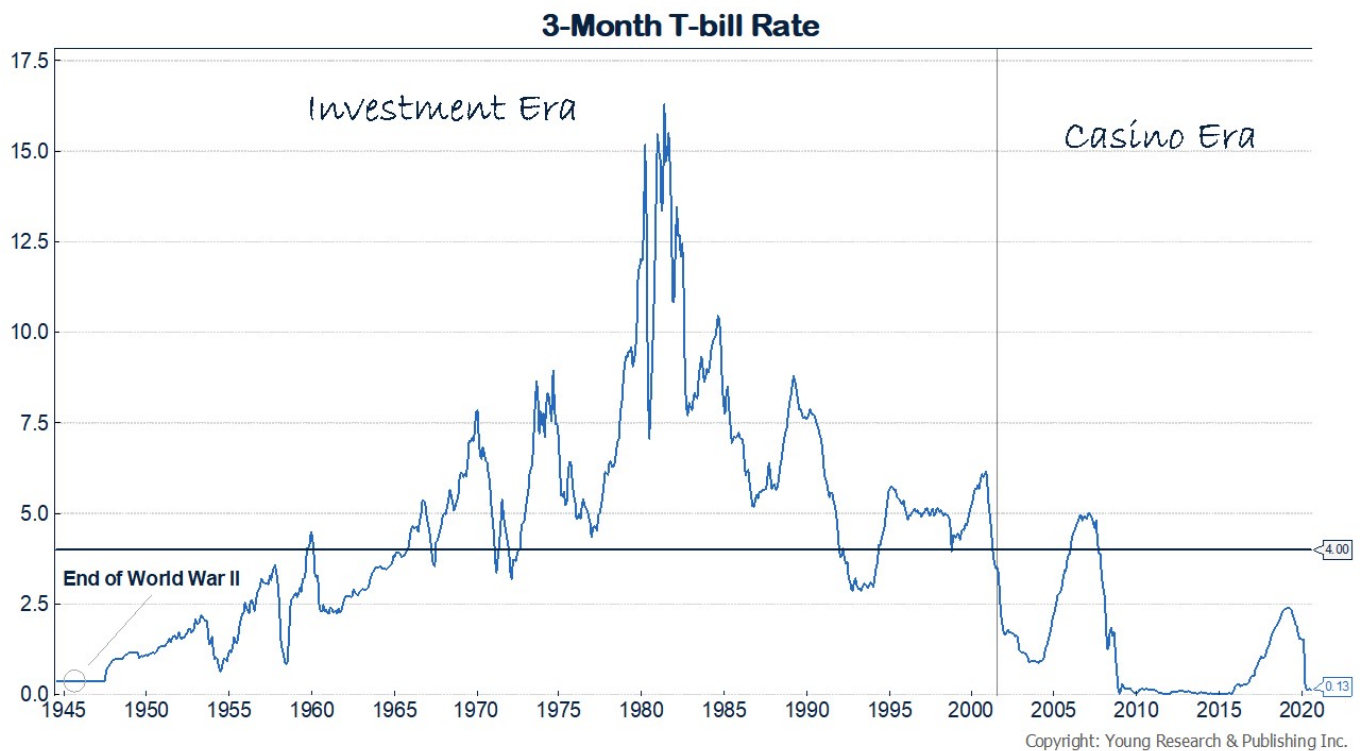
Twice this century the Fed has allowed rates to sink below 4%. On the second of the two rebounds this century the Fed did not allow rates even to return to a more natural 4%.

Early this spring my family investment counsel firm sold all of our Treasurys. I also sold all of mine.

Today we are laser focusing on new issue corporate bonds, high-yielding blue-chip equities, Swiss franc denominated assets, and gold.

The Fed is attempting to control both the quantity and price of money. Bad things will happen and misguided individual investors will once again pick up the tab as the general stock market crashes in shock.





RCY's Brand New Investing Program – 100% Swiss

The Fed has created a disastrous asset bubble that will extend for years.

Read my [series on Ron Paul](#) to gain the full flavor for what is transpiring.

I devoted a large section of my 1987 book to inflation, gold, and Switzerland. Through the decades, I have been a big investor in both Swiss assets and gold.

In the month of August, 100% of my personal investing will be in Swiss Franc-denominated assets.

[Click here to view my Swiss chart pack.](#)

The Swiss Way

I have written in the past of the Swiss Confederation and its weak central government form (the presidency is a ceremonial office and rotates). The office has no powers above the other six members of the Swiss Federal Council. The entire Federal Council is considered a collective head of state. Switzerland is a neutral country with a low crime rate and a powerful national defense system. Instead of fielding a large standing army, Switzerland requires every man to undergo military training for a few days or weeks a year throughout most of his life. Each man is required to keep his assigned automatic rifle at home at the ready. The Swiss are powerful believers in individual liberty and freedom. They believe that there is no need for a higher legal authority to check people's initiatives. In fact, federal court in Switzerland is not allowed to rule on any constitutional matter at the national level. The Swiss are all about keeping things at the cantonal level. Keep it local is the key in Switzerland.

There is a lot to learn for Americans from "the Swiss way." Switzerland's model is precisely the weak form of central government intended by our Founders. The best outline of what a constitutionally strong form of federal republic looks like is Ron Paul's [Liberty Defined](#). The chapter on "Empire" alone will amaze you.

Read more about [The Swiss Way here](#).

My 10 Point Investment Plan:

Pretty Much the Same as Back in 1990

Back then I offered subscribers to my investment strategy report a ten-point investment guide for the long term.

The basic plan is today, thirty years later, pretty much unchanged.

1. Make capital preservation your number one target
2. Make dividends the cornerstone of your core equity portfolio
3. Never forget the power of compound interest
4. Make equities, not bonds, your core holdings.
5. When general market conditions are horrible, and most folks are selling, aggressively buy your dividend stocks
6. Use automatic withdrawal programs for retirement income
7. Don't trade in and out
8. Remember the words full faith and credit.
9. Never invest based on predictions. Invest based on relative value only.
10. Be well organized, always have a plan, practice patience.

Your Portfolio Could Use This Investment as a Powerful Insurance Policy

There are very few real counterbalancers available in an asset bubble like the one being blown today by the Fed and other

central banks.

One investment I have found to be reasonably reliable as a counterweight insurance policy is precious metals, specifically gold and silver.

Is there downside risk in buying metals? Of course. Here's how I previously explained that risk:

Relative to gold, silver is cheap. The higher the gold/silver ratio, the cheaper silver is. The historical gold/silver ratio has been 15:1. Today, it is 53:1. Central banks do not own silver, which they could dump on the world market to depress prices. This is a big plus for silver. Silver trades at about \$32/oz. The structural low is about \$10/oz. There conceivably is a significant downside risk. My strategy is to pick away slowly over the next few years, hoping that I'll get an average price on my purchase well below \$32/oz. Who knows? Silver and gold are insurance policies that I hope I will not need. What I buy, I will not sell. And I am buying with the hope that the price of my insurance will decline, not increase. Year to year, I am a hesitant, reluctant seller of any investment.

Today, the gold/silver ratio is over 90.

I want you to think of the silver and gold in your portfolio as an insurance policy. If it goes down, you may be better off because the prices of your stocks are going up.

If you would like to learn more about how Richard C. Young & Co., Ltd. views precious metals as a portfolio counterbalancer, [click here to sign up for our monthly client letter](#). The letter is written by my son, Matt Young, who has led our family-run investment counsel firm for over twenty years.

My Biggest Investing Quarter Ever

Due to a convergence in timing, I was able to make by far the biggest commitment to the stock market in my life during late March and into the second quarter of 2020.

On 31 March 2020, I posted [My Three Week-Long Investing Program](#).

It led off, "I am ramping it up over the month of April and into May."

As reported 30 June in the *WSJ*, U.S stocks finished their best quarter in 20 years.

I also posted the exact areas I was investing in and why. No way I could have expected such quick and massive returns. Given that Joe Biden is apparently attempting to put a quick end to it all by proclaiming, "we have 120 million dead," I suppose I should not get too comfortable.

OK, now what?

With Joe Biden now seemingly considering a VP candidate with sympathy for a Marxist-centered group, it is possible his campaign will implode, bringing turbulence to the financial markets?

I will update my investment strategy posts at the end of July.