My Three-Week-Long Investing Program

In my personal portfolio, I am ramping it up over the month of April into May.

My own largest fixed income holding (individual bonds, while clearly a superior option are not ideal for me as I am on the road and out of touch at annoying times) a full-faith-and-credit-pledge GNMA's-centric fund is ahead by 3.0%, or an annualized 12.0%. I am happy with this.

GLD, one of my gold proxies is ahead by 6.5%, or an annualized 26%.

My Swiss currency proxy (I have been investing in Switzerland since the early seventies. Click to the Swiss Way) is up 1.4% YTD. Encouraging.

All in all, I am pleased and have recently been concentrating on the energy sector where Russia, Iran and the Saudi's are getting killed and American shale assets and big energy dividend payers are a steal.

Let's see where prices are in just five years and who the proven winners will have been.

My own buying program will continue at least into the summer.

Richard C. Young Explains: How to Invest Like Einstein

Originally posted October 23, 2018.

When asked to name the greatest invention in history, Albert Einstein responded, *compound interest*.

Over three decades ago I started our family investment counsel firm focusing on the miracle of compound interest to help retired and soon to be retired investors just like you.

My short and quick goal was, as it remains today, safety of principal and a consistent flow of income through investors' long and peaceful retirements.

In J.R.R. Tolkien's *The Hobbit*, when the wizard Gandalf asked Bilbo Baggins to take part in an adventure, the Hobbit told Gandalf that he viewed adventures as "… nasty, disturbing, uncomfortable things! Make you late for dinner."

To meet our mission for family-centric clients, we wrap the Hobbit's security blanket around Einstein's concept of compound interest. This duo forms the foundation of our prudent investor platform. And no, we do not advise investing adventures for our clients.

Consistent Cash Flow and Security of Principal

To a one, when clients join us, they know that we, on their behalf, are focused on a consistent flow of cash, security of principal, and the miracle of compound interest. We neither speculate nor market time. We base our sound investments on the Prudent Man Rule, first initiated by Justice Samuel Putnam back in 1830.

The discretely managed portfolios at our investment counsel firm are crafted selecting individual securities for clients one at a time, like rare postage stamps. As you know from reading my reports, we have moved away from the mutual fund model, especially as regards index funds, products whose time has past.

We craft portfolios by combining dividend-paying blue-chip stocks, each with a long record of increasing dividends annually. Our portfolios also include a substantial mix of blue-chip fixed income, whether corporate or government securities. The majority of portfolios are weighted 60/40 (stocks/bonds) or the inverse.

Our most defensive portfolios are aimed at investors looking to draw 4% (our base target) annually from retirement portfolios with (1) minimum volatility and (2) a high degree of comfort.

If you prefer a personalized approach, give my family-focused investment counsel firm a call (888-456-5444) to discuss today how we might make your investment life a little bit easier, and more productive for you.

At Richard C. Young & Co., Ltd. we all look forward to sharing our retirement (current or future) strategies with you.

Warm regards,

Dick

Dick Young

Coronavirus Snapped the Cord on the Market Elevator

For the past ten years, the stock market has been an elevator that has only gone up. Now the cord has snapped. What floor are you falling from? Here's how I explained what I call "elevator investing" some years back. I wrote:

> ## *Elevator Investing*
>
> *Where do you want to be when the cord snaps? I often think of risk management with a simple elevator analogy. In the investment process, I quantify risk first. Then I evaluate potential gains. Just envision, if you were in an elevator and the cord snapped, where would you be better off? Dropping from the second floor or the 10th floor? Makes your palms sweat. You sure would not fare well plummeting from floor 10. Today's level of risk in the financial markets is at the 10th floor, moving ever higher. Many investors will not survive the coming collapse. Collapse? Is this appropriate wording? Sure is. America is now in the late stages of the business cycle. The government is out of control. And the Fed continues to manipulate interest rates in favor of Wall Street and against American savers. I lay out the late business cycle details for you later. When you read the evidence, you'll agree that the potential for game-changing, black-swan-initiated losses accelerates monthly.*

The rapid pace of recent declines in market indices is neck-snapping for anyone. For investors who ignored risk, they are positively devastating.

If you want to understand how a top-ranked investment advisor attempts to minimize risk in clients' portfolios, please sign up for the monthly client letter from my family-run firm, Richard C. Young Co., Ltd. by clicking here (free even for non-clients).

Here is Your Family's Guide to the Coronavirus

I visit Dr. Ward at least once a week when Debbie and I are in Newport for the Summer. – Dick Young.

> *Dear Patient,*
>
> *As promised, I am sending this email to share some useful information that I have found over the last week. As one of your healthcare providers, it is my intention to provide you with knowledge to keep you calm and healthy. I am lucky enough to have access to information coming out of Wuhan, China where this disease began. The treatments used on the front lines were a combination of western pharmaceuticals along with Chinese Herbal Medicine and shown to be quite effective. Therefore, I have been able to understand this disease through the eyes of Chinese Medicine and gain access to the most useful treatments used for it in my medicine. I have been studying case studies and trying to stock my herbal pharmacy in case I need to treat anyone.*
>
> *In this email, I'd like to share information to help you identify the virus more easily for yourselves and your loved ones. I'd also like to share useful tips on keeping your immune system strong.*
>
> ***About the COVID 19 virus:***
>
> *COVID 19 is an RNA virus (much like the flu) that can develop*

into pneumonia as it becomes more severe. The coronavirus pneumonia is seen as "damp pestilence" in our medicine meaning that the dampness obstructs the normal functioning of the lungs. The dampness is very heavy and congests any Qi movement up or down. It is the amount of dampness that differs this virus from typical pneumonia. What the doctors noted in China for early symptoms of the virus was that…

All persons displayed a thick white sticky tongue coating

Patients had either a dry cough or no cough at all

Patients complained of SEVERE nasal congestion (runny nose and sputum are not a typical presentation for COVID19 but rather indicates the common cold or flu instead)

Patients complained of a sore throat lasting for 3-4 days

The above symptoms could last for approximately 1 week. If the disease was to progress to Coronavirus Pneumonia, the doctors noted it would be earlier after 2-3 days of dealing with the above symptoms. Once the virus has reached the lungs and/or trachea, the patients exhibited these symptoms:

1)90% of Patients developed a high fever

2)80% of Patients developed a dry cough (aggravated or initiated)

3)30% of patients had shortness of breath and fatigue

It is important to note that it is rare this virus will develop into the second stage of symptoms. Data from the largest study in China showed 80% of positive patients had mild symptoms and did not require any hospitalization, while 15% showed severe symptoms and 5% were critical. Those patients at risk for the virus developing into severe or critical symptoms are patients who are immunocompromised, *elderly, have cardiovascular disease, diabetes, hepatitis B, chronic obstructive pulmonary disease, chronic kidney disease, and cancer. China's CDC analysis found that out of 44,672 patients the fatality rate in patients who reported no other previous health conditions was 0.9%.*

For those of you that are dealing with any of these diseases, I urge you to be cautious but not fearful. Our advantage of having so many others deal with this disease ahead of us can keep us strong and keep the virus from escalating.

***Prevention**:*

**This virus is transmitted through droplets in the air. The airborne route is between 6 and 10 feet. If the virus drops onto a metal surface, it can survive for 12 hours. So wipe all public metal surfaces and wash hands after touching them. If it drops onto fabric, it will survive for 6-12 hours. Normal laundry detergent will kill it.The virus can live on your hands for 5-10 minutes. It is during this time that we often will touch somewhere in our face area and become compromised. Therefore, wash hands regularly, carry hand sanitizer with you when you leave your home, and avoid touching your face.*

The virus will enter through the mucosa of the throat or nasal passages. Therefore, it is helpful to keep these areas clean and efficient by either **gargling with warm salt or suck on **Zinc lozenges**. I find doing the zinc and salt water after being in public is a smart preventative.*

*Being sure to keep the nasal passages working effectively and moist with a **salinenasal spray** will also prevent the virus from entering as easily. Therefore, I'd suggest spraying before going out.*

Of course, don't forget the basics like drinking plenty of water, getting regular exercise, fresh air, sufficient sleep,* *and good nutrients via food and supplements. Specific focus should be on **Vitamins A, D, and C. Also, avoid cold, greasy, and heavy foods. Eat light. Have soups and cooked veggies, less spicy, oil and salty foods, less pickled foods, avoid alcohol, and avoid too much sweet (desserts and fruit juices).*

Because this is an RNA virus, **Elderberry extract is extremely effective for prevention. You can take this in lozenge form, gummy form, or syrup form.*

N-Acetyl Cysteine (NAC**) is also a good antioxidant supplement to consider since it is helpful with treating immunity, respiratory diseases, improving mood, and decreasing the effects of stress.*

Lastly, Chinese herbal formulas such as* **Yu Ping Feng San *are well known for keeping the body strong and protected. This was one of the formulas used in China by the healthcare workers in the hospitals to keep themselves healthy. If you are interested in this one, please contact me since online sources aren't always safe.*

I am continuing to navigate through this time as a practitioner and striving to provide you as much care as I can while we are isolating ourselves. Please don't hesitate to contact me with any questions or concerns.

Best in Health,

Dr. Ward

Never Bet the House

Investing is not betting. There are people who buy stocks to invest in them, and people who buy stocks to bet on them. Never be the latter. After the crash of 1987, I compared that to the surprise defeat of “sure thing” Sonny Liston by Muhammed Ali. I wrote:

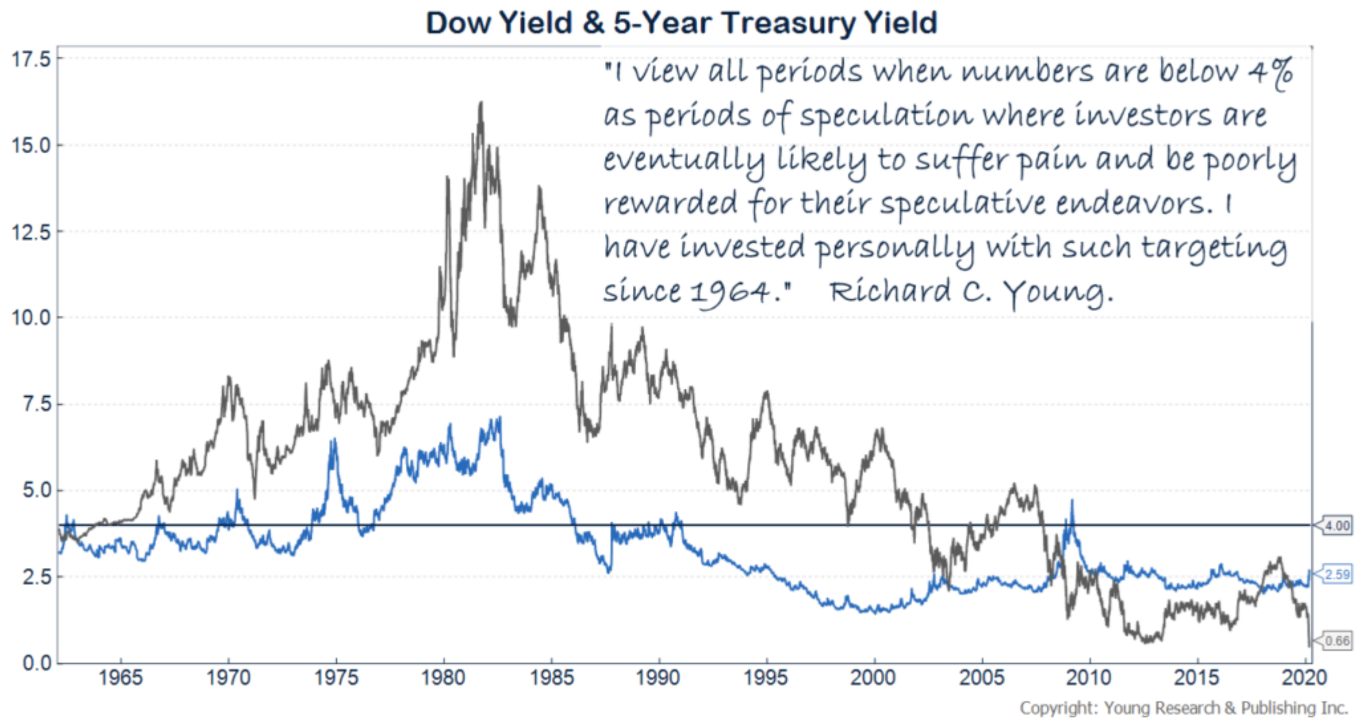
> *“Bet the house on Liston…it’s a sure thing.”*
>
> *Once again, what could never happen, happened. Once again, the underdog defeated the favorite. And once again, people learned – many the hard way – that there are few “sure things” in life.*
>
> *The lead quote appeared in a provocative Wall Street Journal ad run by FGIC (municipal bond insurance). The headline, of course, looks back at the astounding boxing victory of a brash Louisville fighter, Muhammed Ali, over the seemingly invincible world heavyweight champ Sonny Liston.*
>
> *It seems to me that many investors look at today’s stock market as the Sonny Liston of the financial market place. The unbeatable surge in stock prices appears to have no end. Future gains are being written off as a sure thing. Could be, but I doubt it. I doubt it very much. This is not to say that there aren’t ways to scalp some profits out of the markets and hold down your risks at the same time.*

In the past two weeks, shareholders have faced market declines with gut-wrenching volatility similar to the 1987 crash. Many were unprepared, both in terms of portfolio balance and mental fortitude, to weather such a rollercoaster ride.

It is on rare occasions like these that having an investment counsel firm in your corner can make all the difference to your success. Like a coach in the ring, the right advisor can protect you from emotionally-driven decisions.

If you would like to speak to a seasoned member of the investment team at my family-run investment counsel firm, Richard C. Young & Co., Ltd., please click here to request a free, no-obligation portfolio review.

Richard C.Young's Old Line "4% Rule"



There Are No Second Chances at Retirement

There are no second chances at living a full and happy retirement. You enter retirement only with what you bring with you, and you leave behind whatever remains. You don't get another try, but there is a way to make your investment plan pay you to retire. The only catch is, many of you will have to make a 180° degree change in how you approach retirement. Here's how I explain my plan:

> *You Need to Make a 180° Switch in Your Approach to Common Stock Investing*
>
> *In the past you have probably looked on common stock investing as a program of (1) buying a stock and (2) selling it to someone else at a profit. Most likely you have not given dividends any thought at all. I want you to make a 180° turn. In the future I want you to invest to capture a long-term stream of dividends.*
>
> *If you require current income, you will want a high current yield from your core stocks as well as bigger and bigger quarterly dividend checks in the future. If you do not require current income, you will look for 10% or better dividend growth and reinvest your dividends to allow the miracle of compounding to work for you year after year.*

If you need help building a portfolio of dividend-paying stocks that can pay you during your retirement, please click here to request a no-obligation portfolio review from a seasoned member of the investment team at Richard C. Young & Co., Ltd., my family-run investment counseling firm. We can help you get your retirement right on the first try.

You Must Defend Your Wealth with a Tactical Battle Plan

There's nothing more important to your investment success than protecting your principal. Capital gains will come and go, but losing the money you worked hard to earn is like taking a direct hit from a Scud missile. You need to build a tactical battle plan to kill the enemy—in this case, risk—and to win. Here's the battle plan I laid out for readers shortly after Operation Desert Storm, and I remain committed to it today.

> *You'll Be The Big Winner!*
>
> *General Norman Schwarzkopf built the allied forces military victory in the Middle East on diversity. Schwarzkopf did not go into battle single-handed. Given the mental make-up of Saddam Hussein, the American general had no idea what might be launched at him. So he skillfully deployed a wide array of weapons—from the A-10 Warthog and Apache helicopter to the Patriot Missile to the M-2 Bradley fighting vehicle and the M-1 battle tank and the F-15 Eagle fighter bomber—and victory was achieved. Fortified with his arsenal of blue-chip weapons, Schwarzkopf, the master tactician, was prepared for any type of adversity.*
>
> <u>*YOU NEED A TACTICAL BATTLE PLAN*</u>
>
> *Your tactical battle plan for investment success should be patterned after Schwarzkopf's strategy in the Middle East. Plan well to meet any challenge with an arsenal of investor weapons, and in the end (which is where it really counts) you'll be the big winner. Of course, you won't need in your arsenal any A-10 Warthogs armed with 30-caliber Gatling guns.*

You won't be going after enemy tanks buried up to their gun turrets in the sand. You won't need an A-10 Warthog's massive nose-mounted gun hammering nearly 4,000 rounds a minute and making, as The Wall Street Journal's John Fialka noted, a sound "like a gigantic zipper as it atomizes its targets." No, you won't need quite the same weapons. What you will need is a carefully crafted investment arsenal assembled to carry you through all types of investment market conditions.

To protect your principal, you want to fight risk wherever you find it dug in. The arsenal you need to do that is an internationally diversified stock portfolio focused on dividend-paying stocks like my Retirement Compounders® program, and a bond portfolio filled with bonds backed by the full faith and credit of the United States Treasury, as well as investment-grade corporate bonds picked just for you. You'll want the air support of a precious metals component to act as an insurance plan for any surprises that happen in your investment war.

If you want to learn more about how these tools are used while managing portfolios at my family-run investment counsel firm, click here to sign up for our monthly client letter (free even for non-clients).

One More Reason You Shouldn't Invest in China

The coronavirus is just one more reason you should avoid direct investment in China. Symptoms of a bigger problem are the decisions of the Chinese government to:

1. restrict information on the spread of the virus,
2. deflect blame onto others, and to
3. silence early attempts to alert the public to the problem.

In 2012, I explained China's bigger problem to readers, and why you should avoid the Middle Kingdom as an investment destination:

> ## *China*
>
> *I have long advised against direct investment in China. Among the many reasons I am bearish on China is the country's vastly distorted economy. China is a command style economy run by an unelected political party—the Communist Party of China (CPC). The CPC's policies have resulted in a grand misallocation of capital. A mercantilist currency policy, perverse incentives for provincial government officials, and crude monetary policy tools have helped inflate a fixed asset and real estate bubble that puts the U.S. real estate bubble to shame.*
>
> ## *A Quality Problem*
>
> *It should be obvious to most that things are not as they seem in China. China has reported GDP growth of 9% or more in every quarter over the last two years, but the Shanghai Composite Stock Index has plunged more than 30% during that time. If China's economy were truly booming, Chinese shares would most likely be trending up. China suffers not from a quantity of economic growth problem, but a quality growth problem. China's GDP statistics are being propped up by unproductive fixed asset investment. The real estate sector is the most obvious example. To prop up GDP growth rates the Chinese are building entire cities, but they are virtually empty.*
>
> *It is perplexing that the world has allowed a command style economy run by an unelected political party to become such an*

important player in the global economy. China is now the world's second largest economy and America's second-largest trading partner. If China heads into the tank, the world economy will suffer.

No Profit Motive

China doesn't play by the same rules or have the same motives as the world's other large economies. China has consistently manipulated its currency to gain export market share and it has subsidized favored industries through its financial system to the detriment of non-Chinese companies. Take the rare earths industry as an example. China now has an effective monopoly on rare earths production. Not because of the country's low labor costs or a lack of reserves in other countries, but because Chinese rare earths companies were provided with subsidized loans. Rare earths companies ramped up production in the '80s and '90s and drove prices down to unprofitable levels. The Chinese government was more interested in maintaining stability through high employment then, as they are today. Low prices pushed rare earths producers in the U.S., Australia, and elsewhere out of business. With the support of subsidized loans, China's rare earths companies were the only companies able to remain in business at such low prices. Now the U.S. relies on China (at least temporarily) for a supply of metals vital to the defense industry and other high-technology industries. Sound like a smart strategy to you?

Chinese Hacking

There is also mounting evidence that China has been hacking into the networks of U.S. companies and organizations. The Wall Street Journal reported recently that a group of hackers (read: the Chinese government) hacked into the U.S. Chamber of Commerce's computer network. The Journal reports that the *hackers may have had access to the Chamber's network for more than a year before the breach was discovered. The full extent of the damage from the hacking incident will be difficult to determine, but it is possible the Chamber's network was used to send booby-trapped emails to Chamber members (large U.S. companies) to gain access to their computer networks with the likely intention of stealing trade secrets. According to the U.S. counterintelligence chief, the Chinese are "the world's most active and persistent perpetrators of economic espionage."*

So then, China unfairly manipulates its currency to gain export market share, it subsidizes favored industries driving companies in America and other countries out of business, and it illegally hacks into U.S. company computer networks. Sound like a country that should be our #2 trading partner? How about a country you want to invest in? I continue to avoid Chinese shares and advise the same for you.

China's command economy and the fear its leaders have of losing power are at the heart of the three problems I laid out for you at the beginning of this post. That's not a way to run one of the world's largest economies.

Despite my aversion to investing in China, I encourage you to invest internationally. My Retirement Compounders® investment program invests in many foreign companies with stellar records of paying and increasing dividends each year.

If you'd like to learn more about the value of investing in foreign companies for dividends, read *Dividend Investing: A Primer* from my family-run investment counsel firm, Richard C. Young & Co. Ltd. In the report, you'll discover how many developed countries' stock markets have higher average yields than that of the United States. The number is probably more than you'd think.

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***
>
> *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.*
>
> *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.*
>
> *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.*
>
> *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.*
>
> *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.