You Won’t Believe How Much My Favorite Investing Book Costs

An interesting article came across my desk late last year. It was from Abe Books, an online used book retailer that sources books from shops across the country. The article was a list of the most expensive books sold by Abe Books up to that point in 2021.

There were many fine old books on the list, but one immediately caught my attention—a 1934 first edition of Graham and Dodd’s *Security Analysis*.

The description of the book from Abe Books read:

> *The Bible for stock market investors and the most important finance book of the 20th century. A 1934 first edition, first printing. Graham taught at Columbia University and suffered in the 1929 crash. He prepared a systematic study of investment principles and agreed to lecture on the subject. Fellow tutor Dodd took notes and this book resulted from their teamwork. The book preaches the importance of making decisions based on hard facts. The first edition appeared both in black cloth and maroon cloth.*

I have written many times about my own experience with Graham and Dodd’s *Security Analysis*, and its impact on my career in investing. I wrote back in 2007:

> *As I write to you today, the single investment book on my desk is the same book that was on my desk when I began in the investment business at Clayton Securities in 1963. Graham, Dodd & Cottles’ Security Analysis is as treasured as it was since its first edition in 1934. Like high fidelity, the guts of investing have really not changed so much through the*

decades. Compound interest, value, and patience are still the key. Ben Graham was fond of saying, "One of the most persuasive tests of high quality is an uninterrupted record of dividend payments for the last 20 years or more." In his Intelligent Investor, Graham followed up with, "Indeed, the defensive investor might be justified in limiting purchases to those meeting this test." Nothing has changed.

So what is the value of a book that can impact you and your investments for a lifetime? For one Abe Books shopper, a first edition first printing copy of Graham and Dodd's *Security Analysis* was worth $29,000. It may seem like a lot for a book, but is probably a small price for the wisdom inside.

The Final Richard C. Young's Intelligence Report



After meeting monthly strategy report deadlines since 1978, I have decided it's time to switch gears.

The name *Intelligence Report* will survive, but with no

contribution from Richard C. Young.

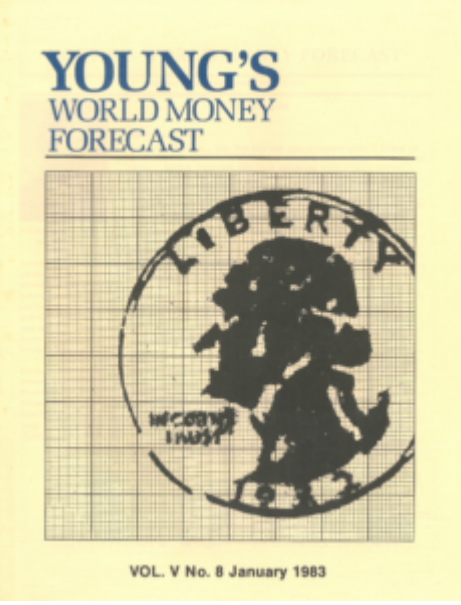
Instead, I am transitioning aggressively to full-time research on behalf of private clients of our family investment management firm, *Richard C. Young & Co. Ltd*.

In this expanded venture, I will completely shift away from common stock mutual funds. I will concentrate laser like on ***"Dividends Around the World"*** from domestic and foreign common stocks with track records of increasing dividends for at least the last decade.

The Return of Young's World Money Forecast

Supporting my international intelligence gathering and research efforts will be the return, after nearly a four-decade hiatus, of *Young's World Money Forecast (YWMF)*. I will be using ***YWMF*** techniques, gathered on Wall Street in the late sixties and early seventies, to provide breaking trends years ahead of the crowd. Here I am looking at a mix of inference reading and anecdotal evidence gathering based on my annual over 15,000 domestic miles on the road as well as at least two research forays to Europe each year.

Although I will not be making my portfolio management and specific dividend stock advice available at **youngsworldmoneyforecast.com**, I will be presenting regularly updated and customized information on all the dividend-paying stocks I've advised on over the years as well as input on every stock in the DOW 30. (Check back here regularly for date of site opening.)



A veritable treasure trove of intelligence will be at your

fingertips daily—thanks to our unique $30,000/year database. You'll feel as if you have arrived at a private investment club after all the years you have spent with me and the "monthly printed word." Among the plethora of improvements you will experience with YWMF online is an enormous timing advantage. You'll be able to access ongoing regular and actionable dividend stock updates from me in real time, rather than wait for the archaic snail mail. That's one of the forward looking conclusions I came to when deciding to shut down my monthly deadline and dated in-the-mail effort.

My concentration will continue, as it has been over the decades, on strictly dividend-paying, dividend-increasing stocks. I, however, am making a clean break from the common stock mutual fund universe that I have been deeply involved with since the early sixties. Many of my long-time favorites have become too big for their own good or for that matter anyone else's. Many funds have failed to keep up on many fronts, including expenses. I abhor the stupidity and self-serving interest of multiple portfolio managers. This dreadful and obfuscating transition has everything to do with dinosaur status and size limitations rather than you the investor. I will continue researching fixed-income and balanced portfolios, where I continue to find great value in individual manager input.

Ben Graham (the all-time dividend maven) was fond of stating: "One of the most persuasive tests of high quality is an uninterrupted record of dividend payments for the last 20 years or more. Indeed the defensive investor might be justified in limiting his purchases to those (stocks) meeting this test."

The Road Ahead in Real-Time

Well there you have it—my transformation from delayed and printed monthly copy to a rapid-fire, digital presentation (not in audio or books, of course) is now in the exciting kickoff phase.

As my online dividend intelligence program develops steam, I will be able to refine and improve upon my efforts since I am no longer constrained by a once-per-month communication. What was especially frustrating was the obvious, but perhaps not fully recognized, 10-day delay from the time I finished writing *Intelligence Report* to the time you, as a subscriber, received my finished report.

Today and in the future, any time I have a breaking idea, it will be available for your use immediately at YWMF. That has to have a pretty good sound to you. It sure does to me.

Thank you for your years of loyalty. I have worked diligently for over five decades on behalf of private client investors just like you. It is exciting that we can all transition together to a whole new and powerful world of compounding, (more here on compounding) profiting and sleeping soundly investing in the high-octane power of long term ***"Dividends Around the World."***

Warm regards,



Richard C. Young

P.S. I wrote in the May 2015 issue of *Intelligence Report* about Ronald Read, who despite working as a janitor was able to use the power of compounding to amass an $8 million fortune by the time he passed at the age of 92.

Pumping Gas to the Tune of $8 Million

Hard to even comprehend, but this great story, courtesy the WSJ's Anna Prior, recounts how Ronald Read accumulated an estate valued at almost $8 million. Mr. Read, who passed away

at the age of 92, made a modest living pumping gas for many years at a Gulf gas station in Brattleboro, Vermont.

A Five-Inch Stack of Stock Certificates

How did Ronald Read manage to become a multi-millionaire? Mr. Read invested in dividend-paying blue-chip stocks. As Ms. Prior writes, Mr. Read took delivery of the actual stock certificates and "left behind a five-inch-thick stack of stock certificates in a safe-deposit box." At his passing, Mr. Read owned over 90 stocks and had held his positions often for decades. The companies he owned paid longtime dividends. And when his dividend checks came in the mail, Ronald Read reinvested in additional shares. Apparently Mr. Read was the master of the theory of compound interest. Not surprising, his list of stock holdings included such dividend payers as Johnson & Johnson (NYSE: JNJ), Procter & Gamble (NYSE:PG), J.M. Smucker (NYSE: SJM), and CVS Health (NYSE: CVS), all names I write about for you here. No high flyers for Ronald Read, and certainly no technology names.

Protect, Preserve, Patience, Perspective

Obviously Ronald Read had been a staunch practitioner of my PPPP theme, featuring the basics—Protect, Preserve, Patience, Perspective. This WSJ feature article hit the press at the perfect time for me and you, as I'll now explain. For the first time since I created my Monster Master List—well over a decade ago—I have given the Master List of common stock names a complete overhaul. I have spent weeks in the process with the goal of giving you not only a roster of dividend payers but also a list where every core company has increased its dividend for a minimum of 10 consecutive years. I have rounded out the core list with a handful of special situation dividend payers.

Originally posted on August 14, 2017.

Do Old Investing Rules No Longer Apply?

Do the old rules no longer apply? Can you live on corporate earnings alone? Is ignoring your margin of safety advisable?

It turns out, unsurprisingly that the answer to all these questions is no. Back in November of 1997 I wrote the following (my emphasis added in bold):

Ben Graham's Margin of Safety

Graham died in 1976, yet his wisdom is as fresh as if he were standing before us today. Ben Graham & Co.'s advice to investors is to evaluate a stock as if you were considering buying the entire company. Graham's secret of sound investing can be distilled into three words—margin of safety.

Why am I focusing on Graham's margin of safety? Because we are all happy as sin with the stock market advances of recent years, but I don't want you to lose perspective. When I was in the institutional brokerage business with Model Roland & Co. in the early 1970s, the Dow fell by 44% in just two years. As bad a year as 1973 was—the Dow fell over 16%—it was only a warm-up for 1974. In 1974, the floor caved in. The Dow plummeted over 27%.

Sixteen Years of Falling Stock Prices

Investors tend to be a little myopic. Many investors are terrific at extrapolating the past into the future. These misguided souls are not investors at all. Rather, they are

speculators. Do you know that the Dow was actually down 10% over a 16-year period from its starting point in 1965 to year-end 1981? Do you realize that the yield on the Dow today is less than 40% of its historical average? Stocks are paying an average of only 1.7%, versus the historical average of 4-1/4%. ***But it's a new era, you're thinking. Things are different today. With the Dow at 8100, the old rules no longer apply.***

Well, I can tell you for sure, when you're not getting paid to invest, you're not getting paid. Pure and simple. Today's common-stock investor is plunking down his hard-earned money and, in effect, saying, "I will take my gains on the come. Don't worry about paying me anything today." It's the greater fool theory, not investing. I can give you lots of reasons why yield is low today. In the end, you can still say to me, reasons schmeasons, I'm not getting paid! And you would be right.

OK, it is clear that investors are not being paid, but what about corporate earning power? Don't earnings control stock prices? ***As far as I know, you still can't pay your telephone bill or mortgage payment with earnings. Dividends yes—earnings no.***

…

I invest my own money for the long term, and I do not trade or speculate. My portfolio turnover is lower than an index fund's. The awesome power of compound interest, along with low turnover, taxes and commissions, and a lot of time do wonders for any portfolio. It's exactly the strategy I write about and advise for you. But even if you are faithfully committed to the long-term power of compound interest, you need to tinker and prune. ***You want to invest newly available money with an eye toward current market conditions and Ben Graham's concept of a margin of safety.***

All of what I wrote then applies today. Over the last few days investors have been shocked to see some of their favorite stocks getting hammered by events unrelated to earnings. Facebook is facing legal troubles. Amazon is looking down the barrel of federal regulation. Tesla has been rocked by the crash of one of its self-driving cars.

Prices of shares have dropped and could fall further in reaction to their troubles. What will investors be left with? Certainly not a steady stream of dividends.

In 1997, when I wrote the piece above on Ben Graham's margin of safety, the P/E ratio of the Dow Industrials was 21.2, and its historical range had been from 6 to 24. It would eventually peak in 1999 at 44.2, before crashing back to earth in the dotcom bust. Today's P/E of 24.75 is higher than the historic average for the Dow, but nothing like the dotcom era.

Higher valuations demand justification. If you can't rely on your money ever being returned to you in the form of dividends, and instead you plan on selling shares to a greater fool in the future, that's no justification at all. You need a margin of safety. A steady stream of dividends used to generate compound interest is that margin of safety. Invest accordingly.

Originally posted on March 30, 2018.

How to Learn About Investing



Investing isn’t one of those tasks that you should learn by doing. That’s not to say that you won’t learn a lesson or two about investing if you dive right in, you will, but the lessons may end up costing you more money than you bargained for.

The Best Way to Learn About Investing

The best way to learn about investing is to do so with books. But which books? You don’t want to just read anything on investing. Ninety percent of what has been published on investing and the stock market isn’t worth your time, effort, or money. You can do more damage than good if you don’t make a diligent effort to select from amongst the best investing books.

So where should you start?

Learn about Investing with Graham & Buffett

The logical place to start learning about investing is with the best book ever written on investing—Benjamin Graham’s The Intelligent Investor. Graham wrote The Intelligent Investor over six decades ago, and to this day, it remains the best book on investing ever written.

Nothing comes close to the insight Graham offers in The Intelligent Investor. If you aren't familiar with Graham, don't sweat it. Many newbie investors have never heard of him.

So who is Ben Graham? Graham is widely acknowledged as the father of value investing and modern security analysis. His most important contribution to investing, among many, is the concept of a Margin of Safety. In the 1973 edition of The Intelligent Investor, Graham wrote the following about a Margin of Safety.

Probably most speculators believe they have the odds in their favor when they take their chances, and therefore they may lay claim to a safety margin in their proceedings. Each one has the feeling that the time is propitious for his purchase, or that his skill is superior to the crowd's, or that his adviser or system is trustworthy. But such claims are unconvincing. They rest on subjective judgment, unsupported by any body of favorable evidence or any conclusive line of reasoning. We greatly doubt whether the man who stakes money on his view that the market is heading up or down can ever be said to be protected by a margin of safety in any useful sense of the phrase.

A Margin of Safety is a concept you should commit to memory as you begin your investing education. Once you have finished The Intelligent Investor and have internalized the concept of a Margin of Safety, you can turn to one of Graham's more widely known disciples, renowned investor Warren Buffett.

While few new investors are familiar with Ben Graham, most are familiar with Warren Buffett. Buffet is of course one of the richest men in the world and he earned his fortune in the investment industry using many of the concepts espoused by Graham.

Buffett hasn't written any investing books himself, but every year of his annual shareholder letters since 1977 can be

downloaded here. for free. Buffet's letters are an investment education in themselves. His homespun writing style and common-sense approach to investing make complicated subject matter easy to read and understand.

What the Wall Street Journal Can Teach you about Investing

Once you have finished Graham and Buffett, you will want to start reading the Wall Street Journal. Read the Journal for a good two months before you lay down any of your own money in the market. You will learn a ton about business, finance, the economy, and investing. And with your background knowledge from Intelligent Investor and Buffett's annual shareholder letters, you will have the knowledge base to separate fish from fowl.

Learning to Invest with Comfort

Once you are confident that you have a good grasp on investing, you can begin the next phase of your investment education—learning to invest for your own risk tolerance.

You may think you have a high tolerance for risk and maybe you do, but until you lose real money, it is difficult to truly gauge your risk tolerance. You may be surprised how mentally exhausting it can be to see on your statement in big red numbers a $-10,000 figure month after month.

To learn about your tolerance for investment risk, begin investing with a small sum of money and limit your initial purchases to mutual funds and ETFs. The fluctuations in a fund will give you a taste of some of the volatility you can experience in individual common stock positions. The benefit of starting with a fund instead of a single stock is two-fold. First, if you panic and sell out of your fund during a downturn because you didn't have a good grasp of your risk tolerance, losses will likely be contained.

The second benefit of avoiding a single individual common stock for your first investment is that you avoid overconfidence. The worst thing that can happen when you make your first common stock investment is for it to soar. Why is making money a bad thing? Investors who have success in their first investment can get overconfident in their own ability pick winners when luck may have played a prominent role. Even the best professional investors are only right a little more than half of the time. Those who win on their first investment may be emboldened to invest more on the second try. And if the second investment is a success, the amount wagered on the third investment could be even bigger. You can see the potential for trouble.

Learning to Invest is a Life-Long Journey

If you read Graham and Buffett and pick up a subscription to the WSJ, you will have built a solid foundation of investing knowledge, but learning to invest is a process that is never complete. The investment landscape is constantly evolving. There are new businesses and industries to learn about. New technologies that may be a threat to investments you own. New rules and regulations to understand which could impact your stocks or bonds. New economic developments and releases to evaluate.

If you want to stay ahead of the pack and achieve long-term investment success, you are going to want to read often and read widely.

Richard Russell’s Number One

Rule

You need to have some will-power to stick to your guns in this stock market. No one said it was going to be easy. But to allow the magic of compound interest to work for you, you have to be patient. Here is one of the great lessons I love to read over and over again from the late Richard Russell. Mr. Russell passed away in November at the age of 91. He wrote daily to his beloved subscribers right to the bitter end. I miss reading his daily thoughts on the market and, even more so, on life in general. RIP Mr. Russell.

Rule 1: Compounding: One of the most important lessons for living in the modern world is that to survive you've got to have money. But to live (survive) happily, you must have love, health (mental and physical), freedom, intellectual stimulation – and money. When I taught my kids about money, the first thing I taught them was the use of the "money bible." What's the money bible? Simple, it's a volume of the compounding interest tables.

Compounding is the royal road to riches. Compounding is the safe road, the sure road, and fortunately, anybody can do it. To compound successfully you need the following:perseverance in order to keep you firmly on the savings path. You need intelligence in order to understand what you are doing and why. And you need a knowledge of the mathematics tables in order to comprehend the amazing rewards that will come to you if you faithfully follow the compounding road. And, of course, you need time, time to allow the power of compounding to work for you. Remember, compounding only works through time.

But there are two catches in the compounding process. The first is obvious – compounding may involve sacrifice (you can't spend it and still save it). Second, compoundingis boring – b-o-r-i-n-g. Or I should say it's boring until (after seven or eight years) the money starts to pour in. Then, believe me,

compounding becomes very interesting. In fact, it becomes downright fascinating!

In order to emphasize the power of compounding, I am including this extraordinary study, courtesy of Market Logic, of Ft. Lauderdale, FL 33306. In this study we assume that investor (B) opens an IRA at age 19. For seven consecutive periods he puts $2,000 in his IRA at an average growth rate of 10% (7% interest plus growth). After seven years this fellow makes NO MORE contributions – he's finished.

A second investor (A) makes no contributions until age 26 (this is the age when investor B was finished with his contributions). Then A continues faithfully to contribute $2,000 every year until he's 65 (at the same theoretical 10% rate).

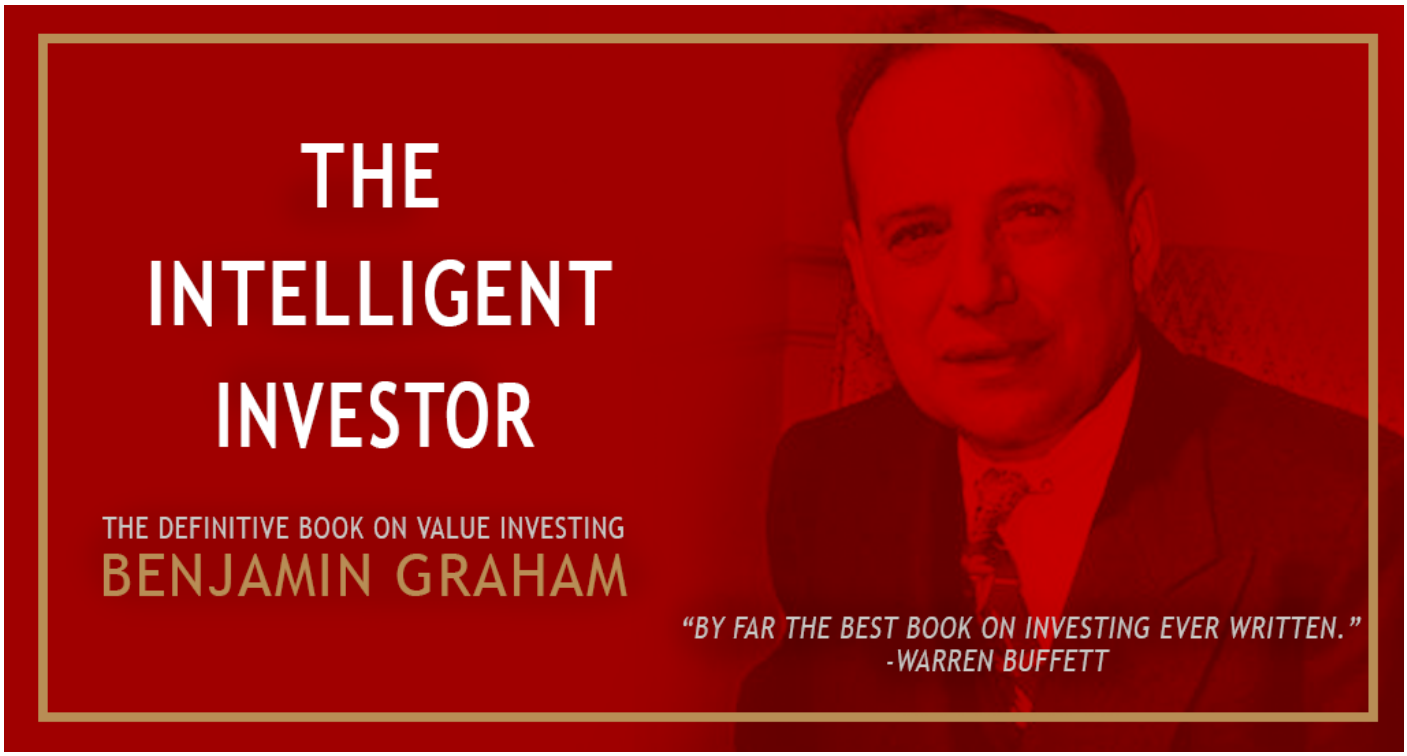
Now study the incredible results. B, who made his contributions earlier and who made only seven contributions, ends up with MORE money than A, who made 40 contributions but at a LATER TIME. The difference in the two is that B had seven more early years of compounding than A. Those seven early years were worth more than all of A's 33 additional contributions.

This is a study that I suggest you show to your kids. It's a study I've lived by, and I can tell you, "It works." You can work your compounding with muni-bonds, with a good money market fund, with T-bills or say with five-year T-notes.

	INVESTOR A		INVESTOR B	
Age	Contri-bution	Year-End Value	Contri-bution	Year-End Value
8	-0-	-0-	-0-	-0-
9	-0-	-0-	-0-	-0-
10	-0-	-0-	-0-	-0-
11	-0-	-0-	-0-	-0-
12	-0-	-0-	-0-	-0-
13	-0-	-0-	-0-	-0-
14	-0-	-0-	-0-	-0-
15	-0-	-0-	-0-	-0-
16	-0-	-0-	-0-	-0-
17	-0-	-0-	-0-	-0-
18	-0-	-0-	-0-	-0-
19	-0-	-0-	2,000	2,200
20	-0-	-0-	2,000	4,620
21	-0-	-0-	2,000	7,282
22	-0-	-0-	2,000	10,210
23	-0-	-0-	2,000	13,431
24	-0-	-0-	2,000	16,974
25	-0-	-0-	2,000	20,872
26	2,000	2,200	-0-	22,959
27	2,000	4,620	-0-	25,255
28	2,000	7,282	-0-	27,780
29	2,000	10,210	-0-	30,558
30	2,000	13,431	-0-	33,614
31	2,000	16,974	-0-	36,976
32	2,000	20,872	-0-	40,673
33	2,000	25,159	-0-	44,741
34	2,000	29,875	-0-	49,215
35	2,000	35,062	-0-	54,136
36	2,000	40,769	-0-	59,550
37	2,000	47,045	-0-	65,505
38	2,000	53,950	-0-	72,055
39	2,000	61,545	-0-	79,261
40	2,000	69,899	-0-	87,187
41	2,000	79,089	-0-	95,905
42	2,000	89,198	-0-	105,496
43	2,000	100,318	-0-	116,045
44	2,000	112,550	-0-	127,650
45	2,000	126,005	-0-	140,415
46	2,000	140,805	-0-	154,456
47	2,000	157,086	-0-	169,902
48	2,000	174,995	-0-	186,892
49	2,000	194,694	-0-	205,581
50	2,000	216,364	-0-	226,140
51	2,000	240,200	-0-	248,754
52	2,000	266,420	-0-	273,629
53	2,000	295,262	-0-	300,992
54	2,000	326,988	-0-	331,091
55	2,000	361,887	-0-	364,200
56	2,000	400,276	-0-	400,620
57	2,000	442,503	-0-	440,682
58	2,000	488,953	-0-	484,750
59	2,000	540,049	-0-	533,225
60	2,000	596,254	-0-	586,548
61	2,000	658,079	-0-	645,203
62	2,000	726,087	-0-	709,723
63	2,000	800,896	-0-	780,695
64	2,000	883,185	-0-	858,765
65	2,000	973,704	-0-	944,641
Less Total Invested:		(80,000)		(14,000)
Equals Net Earnings:		893,704		930,641
Money Grew:		11-fold		66-fold

The Most Impressive Dividend

Records



Ben Graham was one of the most successful investors of all-time and the father of value investing. He also wrote the one and only investment book that most investors will ever need to read, The Intelligent Investor. If you've read The Intelligent Investor cover-to-cover, you are head and shoulders above the vast majority of the investing public. The amount of investing insight and wisdom packed into this single volume remains unmatched to this day.

The Intelligent Investor's Most Valuable Advice

Some of Graham's most valuable advice was to the defensive investor. In Intelligent Investor, Graham wrote, "One of the most persuasive tests of high quality is an uninterrupted record of dividend payments for the last 20 years or more. Indeed the defensive investor might be justified in limiting his purchases to those meeting this test."

Two decades of uninterrupted dividend payments is indeed a persuasive test of quality. This is especially true with the

amount mergers, acquisitions, spin-offs and other corporate restructuring activity today. A minority of U.S. businesses survive for more than two decades in their same form and an even smaller minority manage to make regular dividend payments for the entire period.

According to records from Standard & Poor's, fewer than 10% of all publicly traded companies have a 20-year record of uninterrupted dividend payments. Below are the 10 U.S. companies with the longest uninterrupted dividend records. If you thought two decades was persuasive, how does two centuries sound?

Top 10 Dividend Records

wdt_ID	Company	Dividend Since
1	Bank of New York	1785
2	JP Morgan	1827
3	WGL Holdings	1852
4	US Bancorp	1863
5	PNC Financial	1865
6	CIGNA Corp	1867
7	American Express	1870
8	Stanley Black & Decker	1877
9	Exxon Mobil	1882
10	Consolidation Edison	1885